



# **FETAKGOMO LOCAL MUNICIPALITY**

## **ANNUAL REPORT**

### **FOR**

**2009/2010**

**COUNCIL RESOLUTION NO. C79/11**

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## **ABBREVIATIONS AND ACRONYMS**

CSI	Corporate Social Investment
CPMD	Certificate Programme in Municipal Finance
DLGH	Department of Local Government and Housing
DoRT	Department of Roads and Transport
DSAC	Department of Sports, Arts and Culture
DVP	Development Planning Department
ELMDP	Municipal Executive Leadership Development Programme
FBE	Free Basic Electricity
FMG	Financial Management Grant
FTM	Fetakgomo Local Municipality
IDP	Integrated Development Plan
IGR	Intergovernmental Relations
IMATU	Independent Municipal Trade Union
ILGM	Institute for Local Government Management
IMFO	Institute of Municipal Finance Officers
IT	Information Technology
LED	Local Economic Development
LGSETA	Local Government Sector Education Training Authority
LIBSA	Limpopo Business Support Agency
LUMS	Land Use Management Scheme
KPA	Key Performance Areas
MDB	Municipal Demarcation Board
MEC	Member of the Executive Council
MIG	Municipal Infrastructure Grant
MoU	Memorandum of Understanding
MM	Municipal Manager
MTAS	Municipal Turn Around Strategy
NDA	National Development Agency
PMS	Performance Management System
PMU	Project Management Unit

SAMWU	South African Municipal Workers' Union
SALGA	South African Local Government Association
SDF	Spatial Development Framework
SDM	Sekhukhune District Municipality
SMME	Small, Medium and Micro Enterprise
WSP	Workplace Skills Plan

## MAYORAL FOREWORD

Preparation and presentation of the Annual Report is one of the key tenets of good municipal governance. This perspective is especially affirmed in world-class organisations. The Municipal Finance Management Act (no.56 of 2003) subjects every municipality to prepare and adopt the Annual Report which aims to:

- Provide a record of activities of the municipality during the financial year to which the report relates;
- Provide a performance account; and
- Promote accountability to local community (RSA, 2003:s121(1)) .

This Annual Report presents **performance record** of the subnational government, the Fetakgomo Local Municipality, for the year reported on, **2009/10**. At the conceptual level, the Report can be seen as the end of one chapter and the beginning of another. It marks the end of ten years anniversary of local government and the beginning of another chapter because it is presented to the residents on the eve of the **2011 Local Government Elections**. Thus, the Report tends to look backward at achievements against targets sets for the period under review.

As highlighted in the Accounting Officer's Overview contained herein, the performance of the FTM for the year under review suggests that our Municipality is entering the world of world-class organisations, having obtained, for the year under review a **clean audit professional opinion** from the Auditor General's perspective. At the political and strategic plain, it is our conviction that this opinion will contribute towards the realisation of our shared commitment (goals) to:

- **restore the confidence** of the majority of the people in local government, as the primary delivery machine of the developmental state at a local level; and
- **re-build and improve the basic requirements** for a functional, accountable, responsive, effective, efficient developmental local government.

The fact that our Municipality is performing exceptionally well has symbolic significance to Section 152 of the Constitution of the Republic of South Africa which enumerates the objects, strategic objectives of local government as a subnational government. This performance also says volume about the capacity the FTM is increasingly developing - the Municipality is increasingly showing indisputable body of evidence of capacity. Additional example to this is high credibility rating of the FTM's IDP by the Department of Local Government and Housing.

**Under the auspices of Section 152 of the Constitution** read with **Section 32 (RSA, 1996)**, I hereby invite the entirety of our communities and other actors, i.e., Magoshi, business community, members of the civil society, etc, to interact with this Annual Report as a reliable and accurate performance account of our Municipality for the performance year reported on i.e., from the 1<sup>st</sup> July 2009 to 30<sup>th</sup> June 2010. We will welcome critical comments of many a stakeholders and role players in municipal government

***By The Mayor***

### ***Accounting Officer's Overview on the State of the Municipality***

The journey travelled by Fetakgomo Local Municipality since its establishment in 2000 was full of ups and downs. The ups were in the form of light hearted moments wherein the institution could pause and appreciate the little milestones achieved while the lows could take the form of storming moments wherein the institution was grappling with issues of finding its way.

The possibilities promised by the year under review are captured under 6 key performance areas below.

- **Municipal Transformation**

The Municipality realized devolution of learner driver licensing during the 2009/2010 financial year. The Department of Roads and Transport concluded the process that will enable the municipality to provide Grade E kind type of services unto both learner drivers and renewal of drivers' licenses in May 2010. The process was preceded by secondment of personnel to assist in the performance of the function. Although the function could not be performed during the 2009/10 financial year, the municipality has been positioned ready for action, come July 2010.

There is still an underlying challenge that pertains the revenue sharing on an 80:20 basis between the department and the Municipality. The devolution of this function was hoped to boost the revenue streams of the municipality. However, the service level agreement proved contrary to this hope.

- **Spatial Planning**

2009/10 marked a historic turn around in relation to spatial matters in Fetakgomo. The turn around could be attributed to the fact that 64 hectares of the farm Hoeraroep 515 KS, i.e., portion 2 was registered and transferred to the municipality in October 2009. Although this might not be perceived as a great achievement, the Municipality owns a piece of land which will enable it to plan and coordinate development in the appropriate manner. However, the transfer of land has its own challenges as opportunistic occupations that were already taking place had to be addressed. The municipality had as such initiated legal processes to evict informal occupiers, especially those who have not yet erected permanent structures.

The challenge ahead of this development is the installation of bulk services on the transferred portion in order to attract both business and residential development, and pursuance of transfer for remaining portions. Success in address the aforementioned challenges depend highly on the cooperation of service authorities as financial support towards compensation of rightful land rights holders.

- **Basic service delivery**

Fetakgomo continued to collaborate with sector departments and state agencies to ensure that service delivery is realized. This was done under the auspices of integrated development. Key agencies that duly appreciation is given to, continued to assist the municipality to deliver on key services include the Sekhukhune District Municipality, Anglo Platinum and ESKOM. Sekhukhune District Municipality continued with the roll out of sanitation projects in 3 villages in the municipal area as well as implementing road related projects. While sanitation facilities' construction will contribute towards ensuring a safe environment and living a life of dignity amongst the residents, roads related infrastructure investment will enable smooth connections between settlements and service access points. Anglo platinum on the other hand had

contributed in constructing the community complex which comprises the hall, sports facility and a canteen at Sefateng Village. ESKOM has continued to reduce the grid energy backlog by implementing electrification projects of at least 800 connections per annum. The entity's support will enable us to achieve the electrification millennium target by 2012.

- **Local Economic Development**

For the first time in the life of Fetakgomo that Department of Agriculture could not honour its IDP commitment. The Department did not fulfill the commitments as captured in the IDP rather rolled over the projects for 2010/2011 financial year. The only support enjoyed by emerging farmers in the municipal area was on extension services.

LIBSA continued to support SMMEs through capacity building programmes hence some enterprises were able to secure lucrative contracts with the big businesses such as Mr Price.

- **Financial Management**

The municipality has shown great capability in the area of financial management. This is attested by the attainment of unqualified audit opinions in two consecutive years, i.e., 2007/2008 and 2008/2009 financial years respectively and ultimately a clean audit opinion for 2009/2010 financial year. This happened despite the municipality operating without a CFO for almost four months in 2008/9 and first 2 months of the year 2009/10. This is a clear sign that financial management capacity is not around a position but a collective effort in the Budget and Treasury Department as well as financial management responsibility delegated to the management of the institution..

Improving spending on MIG remains a challenge which needs a collaborative effort between Budget and Treasury and Technical Services Departments. A further challenge is in relation to maintenance of the positive audit opinion and even attainment of clean audit as per the government target of 2014.

- **Good Governance**

The functionality of council structures improved significantly in 2009/2010 financial year. This translated into each council structure performing its role diligently beyond compliance to legislative prescripts. The municipal oversight committee was able to provide oversight on municipal performance on time while the administrative ensured that at all times performance information is subjected to both Internal Audit and Audit Committee processes prior to Council approval/noting.

.....

**Lebepe M.E.**

**Municipal Manager**

# CHAPTER ONE

## INTRODUCTION AND OVERVIEW

### 1.1. Overview of the municipality

Fetakgomo Local Municipality is a Category B municipality that is located within the Greater Sekhukhune District Municipality (GSDM) in Limpopo Province. The municipality covers the area 1123.18 square kilometres, which represents 8.4% of land with the Greater Sekhukhune District Municipality. The municipal area is largely rural, and is characterized by, poor infrastructure, social service backlogs, dispersed human settlements and high poverty levels. The population within municipality is estimated at **112 232** that reside in 87 settlements. The number of households increased from 28 266 in 2008/9 to 28 409 in 2009/10. This marked an increase of 143 households or 0.5% increase. The majority of the settlements are small such that their population is estimated at 1000 inhabitants.

The municipality is divided into **four nodal points**, viz; **Apel, Atok , Mphanama** and **Strydkraal**. Each of the four nodal points has distinctive features as depicted on table 1 below. The nodal or growth points enhance planning and service delivery in the municipal area. Thus, if one has to provide services and facilitate public participation, cluster approach is followed whereby people within the same nodal point are met separately. The common trend has been that communities within a particular node are likely to encounter similar challenges and will have common needs, e.g., water and electricity tend to be common challenges for Atok while Mphanama node encounters water challenges.

**Table 1: Illustration of three nodal points of Fetakgomo Municipality**

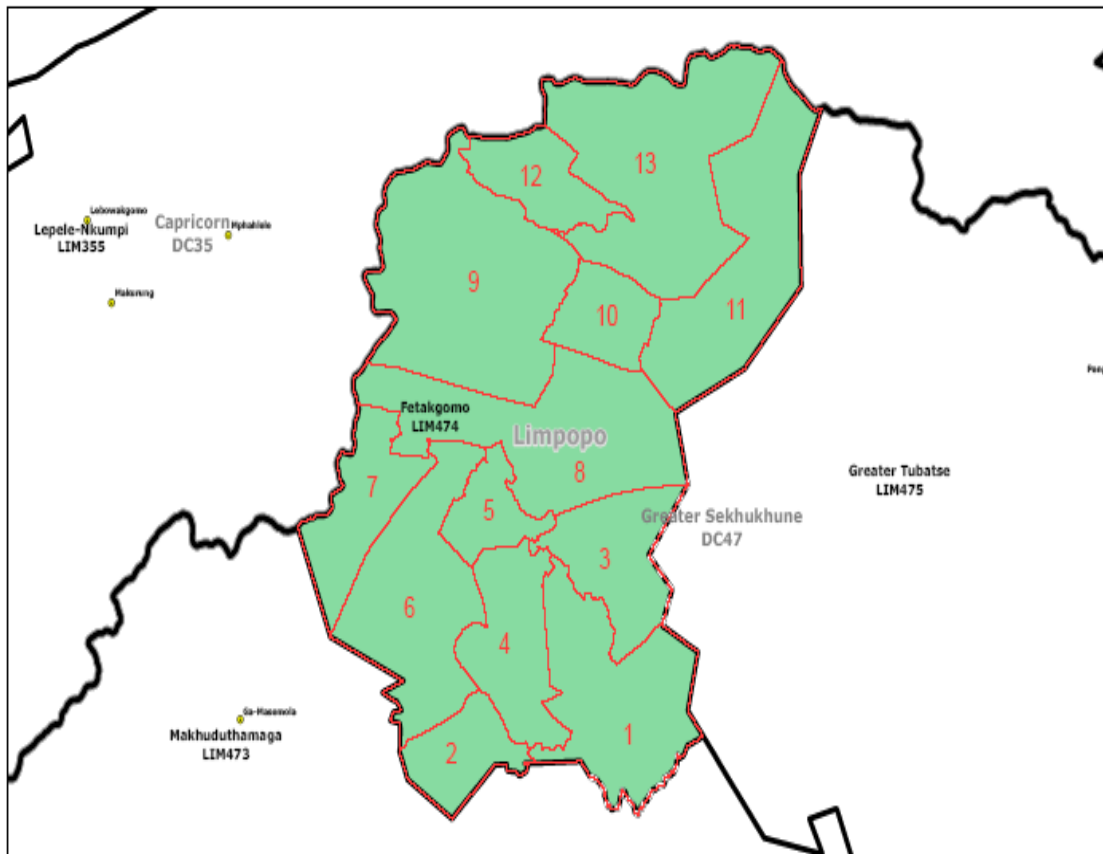
Node	Wards covered	No. of Household	% of households	Distinctive features
Apel	3, 5,6 & 8	10 065	35	Business development and Government Offices
Atok	9,10, 11, 12 &13	8 542	30	Mining Activities
Mphanama	1, 2 & 4	7586	27	Population Concentration
Strydkraal	7	2212	8	Agricultural potential
<b>TOTAL</b>	<b>13</b>	<b>28 409</b>	<b>100</b>	



From table 1 above, it is illustrated that Apel node has most households as it contributes 35% of households within the municipal area while Strydkraal node contributes only 8% of the total households. Therefore, it could be deduced that even if Mphanama node is known to be a population concentration area, it still has a relatively low households count compared to Apel. The logic behind high number of households within the Apel node could also be attributed to the fact that there are basic social amenities that attract people to the area.

The municipal area is further divided into 13 wards as depicted by Figure 1 below. The ward delimitation introduced along a new reference number for the municipality by the Demarcation Board, i.e., LIM 474.

**Figure 1: Ward Delimitation for Fetakgomo Local Municipality**



**Source: Demarcation Board, 2008**

The municipal governance has been under the mayor as the political head, speaker as chairperson of Council, 24 councillors of which 13 are ward councillors and 11 are proportional representatives, therefore 26 Councillors in total. The Council has five(5) Magoshi who serve as ex-officio members. The gender breakdown for the council stood at 11:15, which is translated into 11 female and 15 male councillors.

Therefore 42 % of councilors are women while men comprise 58% of the council, excluding ex-officio members.

## 1.2. Executive Summary

### Vision and Mission statement

The Fetakgomo Municipality aspires to be **“a leading and viable rural municipality”**. The aforementioned vision will be attained through the **“provision of sustainable integrated services in an enabled environment for growth and development”**.

The Fetakgomo Municipality had a set of development priorities that guided service delivery for the year under review. The priorities included **Water, Electricity, Roads, Access to Land and Improved Services**. The service delivery priorities were further aligned to the 2006 to 2011 Integrated Development Plan strategies as per the list below.

#### Box 1: Fetakgomo Strategic Priorities for 2009/2010 Financial Year

- To build the capacity of the Fetakgomo Local municipality
- To ensure greater investment infrastructure and provide better services to Fetakgomo residents and businesses
- To promote Local Economic Development (LED) in the municipal area
- To build a sustainable revenue base for municipality's financial viability
- To deepen community participation and enhance Good Governance

### Fetakgomo Municipal Powers and Functions

In order to develop a functional capacity of a municipality it is necessary to be aware of the powers and functions as stipulated in the Constitution and in terms of section 85 of the Municipal Structures Act no 117 of 1998 and further consider the assigned functions by the MEC for the Department of Local Government and Housing given the capacity of the respective municipality.

The municipality reviewed its powers and functions as stipulated in the Constitution of the Republic of South Africa as well the Municipal Structures Act. The municipality performed a few functions amongst those tabled in the Constitution. The list of functions is enclosed in Box 2.

#### Box 2: Functions performed by Fetakgomo Municipality in 2009/2010 Financial Year

- Municipal Planning
- Licensing and registration of vehicles, on agency basis
- Refuse removal
- Public places
- Street lighting

- Cemeteries
- Local Tourism
- Local amenities (community halls
- Local sports facilities
- Billboards and advertisement
- Parks and recreation

### 1.3. Municipal Financial Status

The municipality had a **total revenue of R 41 961 966.00** when compared to **R 26, 472, 138** in 2008/2009. This revenue marked an increase of **R 15 489, 828 (59%)** when compared to the 2008/2009 revenue. The municipal revenue is categorized into internal and external sources. The internal sources of revenue contributed **R 1, 168, 110** which is **3%** of the total revenue while external sources contributed **97%** of the total revenue at **R 41, 961, 996.00, i.e., R30 692, 349.00 (operational revenue) and R11 269 617.00 (capital revenue).**

Total expenditure for the 2009/2010 stood at **R 33 506 458.00** which indicates an increase of **R 6 139 553.00, i.e., 22%** increase from the 2008/2009 expenditure. The allocation of expenditure was as follows: employee and councilor remuneration amounted for **R20 778 604.00** and other expenses amounted for **R12 727 854.00**. The net surplus for the year was **R86 336 26.00** which was due to significant spending on capital receipts.

Total assets as at 30<sup>th</sup> June 2010 was **R55 891 547.00** as compared to **R42 550 329.00** on the 30<sup>th</sup> June 2009 which is an increase of **R13 341 218.00**. This increase was attributed to fact that most of infrastructure projects as at 30<sup>th</sup> June 2010 were completed and transferred to the Asset Register. Most of municipal capital infrastructure is financed through MIG (Municipal Infrastructure Grant) while the FTM does not generate adequate revenue for acceleration of service delivery.

At the same time, the FTM had the total liabilities of **R11 899 111.00** as at 30<sup>th</sup> June 2010 compared to **R7, 207, 422.00** and included in total liability was unspent conditional grant, finance lease and the trade and other purposes. During the year under review, the FTM had cash-backed obligations and further to this the FTM did not source any borrowing or loan to finance either operational or capital budget. In addition, the FTM had a positive liquidity ratio (to current ratio and acid test ratio). The above is a strong indicator of sound financial management. The Council has adopted the Revenue Enhancement Strategy to diversify revenue sources for the FTM in order to achieve financial viability. See the attached Audited Annual Financial Statement for detailed exposition.

In the subsequent chapter, the performance highlights for the Municipality shall be outlined where their achievements are attributable to the efforts of the collective below.



**Mayor**  
**Cllr. Marota M.C**



**Speaker**

**EXECUTIVE COMMITTEE**



**Cllr. Phala M.D**



**Cllr. Mampheko K.K**



**Chairperson**

**Cllr. Marota M.C**



**Cllr. Matsetse N.J**



**CORPORATE SERVICES PORTFOLIO COMMITTEE**



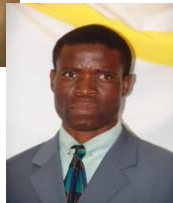
*Mphishane R.L.*



*Chairperson*



*Seroka K.A.*



*Sekgobela M.R.*

**COMMUNITY SERVICES PORTFOLIO COMMITTEE**



*Mabotha M.C.*



*Nchabeleng M.J.*



*Matlala N.F.*



*Chairperson*



*Madutlela S.M.*

**DEVELOPMENT PLANNING PORTFOLIO COMMITTEE**



*Lesufi N.*



*Seroka M.G.*



*Selepe K.A.*



*Chairperson*



*Mathipa M.H.*



**FINANCE PORTFOLIO COMMITTEE**



*Nchabeleng P.L.*



*Chairperson*



*Sefala R.E.*



*Malapela M.K.  
(Deceased)*

**TECHNICAL SERVICES PORTFOLIO COMMITTEE**



*Sekgala T.I.*



*Chairperson*



*Mampuru N.S.*

## CHAPTER TWO

### PERFORMANCE HIGHLIGHTS

This chapter of the Annual Report, 2009/10 performance year, subsumes performance highlights of the FTM per Key Performance Area (KPA).

#### KPA 1: SPATIAL RATIONALE

Implementation of LUMS (Land Use Management Scheme) and SDF (Spatial Development Framework)

LUMS is the tool for land use and development scheme for areas that are not proclaimed or those without town planning schemes. The implementation of the plan is intended to regulate land use and development in the municipal jurisdiction. SDF on the other hand is a strategic document that takes stock or analysis on what land is available where and gives guidelines on land use potentials for each land parcel. LUMS is actually intended to enforce and/or realize the vision of the SDF.

During the year under review, LUMS was implemented and below are key achievements attached to its implementation

- **83** land use applications were processed during the f/y under review; the target was achieved in time.
- **3** Successful workshops on land development guidelines (LUMS and SDF) with traditional authorities were held. These workshops are significant for common understanding between tribal authorities and the municipalities on our roles and responsibilities in land development.
- Land disposal policy was developed and approved on time.
- Portion 2 of the farm Hoeraroep was transferred and registered in the name of the municipality as per Title Deed number T06126909

#### KPA 2: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

A total of four/4 policies were reviewed while only 1 policy was developed for the year under review.. The policies reviewed included 3 financial policies and 1 human resource related policy while a bereavement policy was developed to stipulate the municipal support in times of passing on of a councilor or municipal employee. There were also three/3 by laws which were processed for promulgation during the course of the year. A list of developed by laws, developed and reviewed policies goes as follows:

- Refuse Removal by law
- Street related by law
- Child care facilities' by law

- Bereavement Policy
- Tariffs Policy;
- Asset management policy;
- Accounting policies.
- Travel and subsistence policy

### **Municipal Turn Around Strategy (MTAS)**

- In the financial year under review, 2009/10, the FTM developed MTAS (Municipal Turn Around Strategy) as a coherent response to the call by the national government to turn municipal situation around. The Department of Cooperative Governance and Traditional Affairs conducted an assessment of all 283 municipalities in August 2009, focusing on the following areas: Service delivery and infrastructure, Financial management, Relationships between Municipal Management and Labour unions, Institutional Transformation and Governance, Spatial rationale and Local Economic Development. The assessment led to the compilation of the State of Local Government Report in South Africa.. The report was deliberated at the Local Government Indaba organized by the department wherein the need for local government turnaround was inevitable. The need for strategy was further approved by Cabinet on 2 December 2009.
- The purpose of the MTAS is to make the municipality more responsive, accountable, effective, efficient, and consultative with desired outcomes as set out in the Constitution. The goal is to improve service delivery, municipal accountability and community participation. Operationally, the MTAS is cut into two broad activities – pre 2011 activities and post 2011 activities. At present, the FTM is giving premium / focused attention to the pre-2011 activities. The MTAS is integral component of the IDP/Budget.
- By and large, internal capacity to implement MTAS in particular and IDP/Budget more broadly exists.

### **KPA 3: BASIC SERVICE DELIVERY**

- **Access to electricity**

A total of **2541** new connections for grid energy were made during the year under review. The villages that benefited were Selepe (883 connections), Seokodibeng (709 connections) and Phashaskraal/Mosotse(464 connections). Apel/Mapodi electrification (485 connections ) was also completed at the beginning of the financial year bringing a total number of connections in Fetakgomo to **21 036** out of **28 409** households. This culminates into 74% of households having access to electricity.

- **Free Basic Electricity**

Fetakgomo Local Municipality developed and implemented an indigent policy through the subsidization of Free Basic Electricity (FBE) as the only programme wherein the legible residents could be assisted to access electricity service. Thirteen /13 awareness campaigns were conducted to encourage the legible residents to register and claim t\*he FBE. The targeted villages were the newly electrified and previously electrified villages. At the end of the financial year, 3476 households were configured while 2718 households managed to claim or collect their FBE. The FBE collection rate stood at 78% by the end of June 2010, i.e., 3% above the average standard set by ESKOM.

- **Sanitation Facilities**

The construction of sanitation facilities in Fetakgomo Municipal households is aided by the Department of Local Government and Housing's Rural Housing Programme and the Sekhukhune District Municipality's sanitation programme. The DLGH housing programme ensures that for every housing unit that is constructed for the approved beneficiary, a toilet facility at RDP standard is constructed. This initiative led to construction of 302 toilet units. The facilities are distributed in different wards wherein RDP projects are being implemented. On the other hand SDM's programme led to the construction of 1723 units. Three wards benefited from the Sekhukhune District Municipality's sanitation programme in 2009/2010 financial year.

- ✓ **Ward 10 : 407 units at Selepe Village,**
- ✓ **Ward 6: 986 units at Ga-Nchabeleng**
- ✓ **Ward 7: 330 units at Apel**

The initiatives brought the overall number of households that have access to sanitation of RDP standard to **4584** when compared to **2476** at the end of 2008/9 financial year.

- **Housing**

A total of **363 houses** were constructed in different wards during the financial year. The houses constructed ranged from rural housing to emergency housing programmes. The breakdown on houses constructed is as follows:

- ✓ **249 units** which were mainly part of the allocation for 2006/7;
- ✓ **60 units** from the 2008/9 allocation
- ✓ **10 emergency houses** from the 2006/7 and 2007/8 allocations.



- **Public facilities**

Mohlaletsi Community hall and Fetakgomo –Atok Thusong Service Centre were paved through the Municipal Infrastructure Grant. The paving of these facilities is geared towards improving the usability of the facilities as well as their beautification.

The Department of Sports, Arts and Culture also completed the construction of the library in ward 8 of the municipality. This facility, once furnished and equipped it will be accessed by all residents within the Apel and Strydkraal Nodes

Anglo Platinum also contributed in infrastructure investment by constructing Sefateng Community hall, Sports Complex and a Canteen

Office of the Premier funded the construction of the Tribal Offices at Mphanama. The facility will benefit all residents of ward 2 in the Mphanama Node.

- **Health facilities**

One clinic was upgraded in the financial year. This clinic, i.e., Ikageng will benefit residents with ward 4 of the municipality. The upgrade will also assist in curbing overcrowding and usability of the facility.

### **Roads infrastructure**

Three/3 bridges were constructed in the year under review. Two bridges were constructed by SDM, i.e, Phahlamanoge and Lerajane bridges while one was constructed as part of the corporate investment by Anglo Platinum, i.e., Rapholo bridge. The bridges will play a big part in ensuring reliable and safe connection between settlements in the neighbourhood. However, the quality for Phahlamanoge Bridge is poor such that the bridge might not be safe to use during rainy season.

Two road portions were surfaced during the year. These include 6km for the D4190 and 2 km for Pelangwe to Indie. This initiative will ease travelling in the surrounding areas. The challenge ahead is in relation to the final leg of surfacing the remaining 15 kilometers for D4190.

- **Refuse removal ( transfer stations and landfill site, compact truck)**

The municipality continued to provide refuse removal function to 4000 households located in wards 6, 7 and 8. The function was augmented by the construction of the landfill site, fencing of 2 transfer stations and purchasing of the compact truck in the 2009/2010 financial year. Other essential equipment purchased for the function are 100 wheelbarrow.

## **KPA 4: LOCAL ECONOMIC DEVELOPMENT**

### **Functionality of the LED Forum**

Four (4) LED forums were held and the following issues were identified for consideration by the LED Unit in partnership with other stakeholders: one, ensuring that mines benefit the communities through their CSI. Proposal towards the establishment of the Fetakgomo Development Foundation was developed and subjected to Magoshi Forum and council processes respectively. The Fetakgomo Development Foundation approved by Municipal Council for public participation. Two, SMME Development and Financing. Three, Research and development – use of postgraduate students. Four, inclusion of other stakeholders' LED projects in the IDP. Five, forging strategic partnerships with stakeholders. Six, reports from Sector Departments and other stakeholders, and seven, need for the review of the LED Strategy.

### **Job Creation**

**242** permanent jobs and 80 temporary ones were created during the period July 2009 to April 2010 as follows: females employed: **174**, males: **154**, people with disability: **2**, youth: **246** and locals: **238**. **The total jobs created are 322.**

### **Resource mobilization for the LED Projects**

In partnership with LIBSA, we secured funding from the National Development Agency (NDA) to the tune of **R1, 396 428.00** for **Mapue Garden Project** in Mphanama. The Municipality is in the process of entering into a MoU (Memorandum of Understanding) with LIBSA (Limpopo Business Support Agency), NDA and Mapue Garden Project for collaboration. The Municipality will further supply and install the irrigation system for the Mapue Garden Project during the 2010/11 financial year.

### **Resuscitation of the Fetakgomo Farming Cooperative (Hydroponics)**

The LED Unit contributed to the drafting of terms of reference which guided the appointment of the Board of Directors. There are continued efforts to resuscitate the vegetable production component of the cooperative and resolve all arising dispute amicably amongst members. Clarified and divided roles and responsibilities: instilled sense of ownership amongst members. Compliance in respect of the approved vehicle policy was ensured. Upon the LED Unit's intervention, Fetakgomo Farming Cooperative scooped **4 awards** in the District Female Farmer of the Year Awards ceremony which took place on the 13<sup>th</sup> July 2010 at Moses Mabothis Hall organized by the Department of Agriculture.

### **Revitalizing and resuscitating the Fetakgomo Farming Cooperative**

*It was during the year under review that the Fetakgomo Municipality through its LED Unit has fulfilled its constitutional mandate of promoting social and economic development by reviving and resuscitating the then hydroponics' component of the Fetakgomo Farming Cooperative and transformed it into a diversified crop farming project. Owing to the municipality's interventions, the Fetakgomo Farming Cooperative has meticulously made greater strides in planting and producing, amongst other, beetroot, spinach, tomatoes and chickens for the great benefit of approximately 4633 households residing in Ga-Nchabeleng and the surrounding areas which constitutes approximately 16.3 percent of the Fetakgomo population.*

*The cooperative which was established in 2003/04 financial year with the substantial infrastructural investment through the municipality's facilitation role was at the "shocking state of collapse". This was attributable to quite a considerable number of challenges ranging from institutional deficiencies to technical and financial constraints. However, through collaborative efforts with other stakeholders, the municipality successfully harnessed the required energies and efforts towards the revitalization and resuscitation of the cooperative. To-date the Fetakgomo Farming Cooperative has graduated from the then "appalling state of collapse" into the "appealing state of productivity and sustainable job creation".*

*Through the effective use of a Diagnostic Analysis Approach, the LED Unit has successfully identified various organizational deficiencies (refer to table 1 below) which are common to the majority of the LED projects faltering across the Fetakgomo in particular, South Africa in general. Subsequently, the municipality identified relevant mitigations and/or interventions in consultation with all stakeholders and role players (refer to table 1 below)*

<b>Challenges/Organizational Deficiencies</b>	<b>Interventions/mitigations</b>
<i>Dysfunctional Governance structure</i>	<i>-Development of clear Terms of Reference for the Board of Directors.</i>
<i>Lack of Technical assistance</i>	<i>-Facilitated for the provision of Technical assistance by the Department of Agriculture to both the Poultry and vegetable component of the cooperative.</i>
<i>Inadequate Monitoring and Evaluation</i>	<i>-Provided constant Monitoring and Evaluation.</i>
<i>Lack of Collaborative efforts and Lack of Funding and requisite skills.</i>	<i>-Stakeholder partnership ( Collaborative effort)  -Market linkages</i>
<i>Lack of clarity on roles and responsibilities and lack of leadership.</i>	<i>-Division of roles and responsibilities amongst the management committee members</i>
<i>Internal squabbles and labeling over vehicle</i>	<i>Policy Development (Transport policy)</i>

usage.

***In compliance with the Constitution of the Republic of South Africa Act 108 of 1996 (as amended) section 152 (1) (e) the municipality has involved all the stakeholders and role players regarding these challenges and collectively moved swiftly in mapping out appropriate interventions as identified above for the effective and healthy operations of the cooperative.***

***With all of the above in place, the municipality managed to resuscitate the diversified crop component of the Fetakgomo Farming Cooperative (refer to pictures below). To-date, all the components of the cooperative are in a healthy state of operation.***

***Picture 1: Fetakgomo Farming Cooperative depicting the State of Collapse due to Institutional Deficiencies***



***Before***

***Source: Fetakgomo Municipality 2010***

**Picture 2: Fetakgomo Farming Cooperative depicting the State of Productivity and Sustainable Job Creation**



After

**Source: Fetakgomo Municipality 2010**

**Drawing from the successes in the resuscitation and revitalization, the following lessons could be considered to be of paramount importance in the sustainability of the LED projects:**

- **Conflict amongst management committee members should be considered healthy and inevitable during all phases of the LED projects. What should be considered fundamental is the constructiveness of the conflict and the mode of resolving it. In resolving the conflict and tension which sufficed amongst the management committee members of the Fetakgomo Farming Cooperative, the LED Unit has on continuous basis made appropriate conflict and tension assessment while applying multiple conflict resolution modes for the long term survival of the projects. Such conflict resolution modes included amongst others, stable segregation of duties between the poultry and vegetable project, encouragement of constructive competition and criticism amongst members, promotion of openness and transparency in the affairs of the cooperative, encouraging regular meetings and engagements, appropriate application of the constitutional and other policy frameworks guidelines and provisions;**
- **The LED Unit also had to guard against interfering with the internal affairs of the management committee. It has given preference to intervention as opposed to interference. This simply implies that the LED unit has played an advisory, advocacy and coordinating role allowing the management**



*committee and other key stakeholders full and active participation in addressing all the institutional deficiencies of the Fetakgomo Farming Cooperative;*

- Following observations with regard to lack of cohesion and team work which negatively affected the productivity and institutional efficiency of the Fetakgomo Farming Cooperative, the LED Unit has consciously harnessed support from all stakeholders, which amongst others include the Department of Agriculture, Local Cooperatives Forum and Sekhukhune District Municipality for strategic partnership and collaboration in revitalizing and resuscitating Fetakgomo Farming Cooperative. This has resulted in a much needed cohesion and team work amongst all role players and stakeholders which subsequently led to institutional efficiency and productivity.*
- Although the support provided to the Fetakgomo Farming Cooperative was of non-monetary kind, it was found to be effective and efficient with maximum impact. This point to the fact that not all LED project challenges requires support in monetary terms for their sustainability.*
- Emanating from all of the above-mentioned interventions, the Fetakgomo Farming Cooperative scooped 4 awards during the Female Farmer of the Year event organized by the Department of Agriculture on the 13 July 2010 for their good performance and productivity during 2009/10 financial year. The awards translate to approximately R18 000 for the benefit of the cooperative. Thanks to all stakeholders who joined hands with the LED Unit of the Fetakgomo Municipality for all the cooperative's successes.*

*The resuscitation of the Fetakgomo Farming Cooperative has reaffirmed our role in the efforts to create sustainable livelihoods and food security. At the heart of our programmatic approach is a need for continued meaningful partnership in our efforts to release our rural communities from the deprivation trap. The Municipality through its LED Unit will continue to support and strengthen the capacity of the Fetakgomo Farming Cooperative and other related initiatives within its locality to manage their own affairs and operate profitably for their institutional and financial sustainability.*

*It is anticipated that the newly appointed Board of Directors will play a significant role in supporting and monitoring the cooperative in partnership with all stakeholders for the achievement of its social and economic objectives. Notwithstanding the current challenges, the municipality can proudly confirm that it has, to a certain extent, managed to bring back team work amongst the cooperative's members, solved problems and overcame obstacles.*

## **SMME Development**

The municipality took strides to support small, micro and medium enterprises in its jurisdiction. The support was complemented by Limpopo Business Support Agency Branch in the municipality. The following achievements were realized for SMMEs support:

- 1616 walk in clients were provided with different business information/ advices. This marked 314 clients more than the number assisted in 2008/2009 financial year;
- A total of 7 out reach initiatives were undertaken;
- 8 enterprises were incubated;
- 146 Close Corporations were registered against 131 in 2008/9;
- 110 SMMEs were supported in compilation of business profiles while 50 enterprises were supported to draft business plans;
- 46 enterprises were assisted to register as vendors with Anglo Platinum;
- 328 enterprises were registered on the LIBSA suppliers' database system;
- Market linkages to the tune of R 1 636 435.00 were facilitated;
- One enterprise (Johanna Arts) secured a contract to supply Mr Price with seeded pots at 1000 per month over a three years period, and
- 1 SMME, i.e., Lets Share Clothing cc won a youth biz prize to the tune of R184 000.00 at the district level.

There were also capacity building initiatives which were intended to empower SMMEs on different skills. A table below summarizes the capacity building initiatives for the period under review.

Date	Empowerment Initiative	Participants				
		Male	Female	Youth	Disabled	Total
07-08 July 2009	Practical Pricing and Costing	03	06	01	-	10
16-17 July 2009	Book keeping	04	03	-	-	07
8-9 September 2009	Practical Tendering	09	15	-	-	24
17-18 November 2009	Practical tendering	11	04	-	-	15
10-11 December 2009	Effective Financial Management	10	04	-	-	14
06-07 April 2010	Practical Pricing and	10	20	05	-	35
22-23 June 2010	Effective Financial Management	11	05		02	18
<b>TOTAL</b>	<b>07</b>	<b>58</b>	<b>57</b>	<b>06</b>	<b>02</b>	<b>123</b>

## KPA 5: Financial Management

The highlights pertaining financial management entail successful review of the Revenue Enhancement Strategy, budget related policies and the attainment of unqualified audit for the 3<sup>rd</sup> Consecutive year. The improved audit opinion for the municipality over the past 4 financial years is captured in a table hereafter.

Fetakgomo Municipality has established effective Budget and Treasury department which is line with section 80 of MFMA. In the year under the review municipality had manage to fill all the vacancies in the budget and treasury which amongst other include appointment of CFO.

In the spirit of strengthening budget and treasury department, Fetakgomo had utilized the following conditional stabilized and capacitate Budget and Treasury.

### a. Municipal systems improvement grant

- Compilation of GRAP compliant asset registers as well as asset verification.
- Acquisition of inventory management systems.

### b. Financial Management Grant

- As one of the requirement of MFMG, the municipality employed five interns in the budget and treasury department and they are all registered with Vulindlela Academy (DBSA).All the interns have entered into learnership agreements in terms of municipal finance management programme.
- Caseware financial reporting system was acquired out of FMG to ensure that the municipality prepare its own financial statement in –house.

Budget monitoring mechanisms were put in place to ensure that no unauthorized and irregular expenditures were incurred and furthermore municipality has improved significantly with regard to timous submission of sections 71 reports.

The above mentioned interventions contributed significantly on the continuous improvement on audit opinion as captured in a table below

Financial Year	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010
Audit opinion	Adverse	Qualified	Unqualified	Unqualified	Clean audit



## KPA 6: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

It is a requirement of Chapter 4 of Local Government: Municipal System Act that a municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance. The culture of good governance in the year under review manifested in the form of council structures functionality. The structures reported on include portfolio committees, audit committee and internal audit function.

### ✓ Council Structures

During the year under review, Fetakgomo Municipality operated with 26 councillors as highlighted in Chapter One of this report. The council had continued with its 5 substructures, **namely**;

- **Executive Committee**
- **Corporate Services Portfolio Committee**
- **Community Services Portfolio Committee**
- **Development Planning Portfolio Committee**
- **Technical Services Portfolio**

The Council structures mentioned above enabled the council to perform its legislative and governance role through passing of policies, by-laws and guidelines.

The functionality of the council structures in further affirmed by the number of meetings held per annum. The committees had on average four/4 meetings during the financial year. Table 3 below gives an indication on the number of council committees' meetings.

**Table 3: Indication of the functionality of council structures' meetings held**

Month	Council Structure and dates in which meetings were held								
	Corporate Services	Community Services	Development Planning	Finance	Technical Services	Remuneration Committee	Oversight Committee	Executive Committee	Council
July '09		27.07.09					12.07.09		
August '09	25.08.09	17.08.09	31.08.09	24.08.09	27.08.09				11.08.09 (SC)
September '09							20.09.09	23.09.09	30.09.09
October '09	20.10.09		29.10.09		29.10.09		18.10.09		22.10.09 (SC)
November '09		17.11.09	26.11.09	27.11.09	16.11.09				
December '09								07.12.09	17.12.09
									29.12.09

									(SC)
January '10			26.01.10				03.01.10		20.01.10 (SC)
February 10	25.02.10			19.02.10			15.02.10		
March '10			30.03.10		03.03.10		10.03.10	19.03.10	30.03.10 (SC)
April '10									29.04.10
May '10				14.05.10		21.05.10			27.05.10 (SC)
June '10	18.06.10	18.06.10	17.06.10	18.06.10	15.06.10			24.06.10	30.06.10
<b>Total</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>5</b>	<b>5</b>	<b>1</b>		<b>4</b>	<b>10<sup>1</sup></b>

#### ○ Internal Audit

2009/2010 marked the third and final year of utilization of outsourced internal audit services. The year saw the established of the internal audit unit that is staffed with two personnel (1 officer and an intern). The unit is supported by the Chief Audit Executive at the District Municipality while the service providers contracted to provide the service prior the establishment of the unit played a key role in orientating the new recruits on the systems. The unit also ensured a smooth exit and hand over of documents by the service providers. **Four (4) internal audits** were conducted for the period on financial management, human resource management, 2008/9 External Audit follow up and performance information. There is as such a report on each intervention.

#### ○ Audit Committee

Fetakgomo Municipality established its own Audit Committee which performed both financial and performance oversight on the municipal operations. This move enabled the municipality to be weaned from the shared services with Sekhukune District Municipality with effect from September 2009. The committee comprises five/5 members, i.e., 4 man and 1 woman whose expertise vary from Internal Audit to Performance Management.

The functionality of the Audit Committee is illustrated on table 4 below through meetings and analysis of attendance by each member.

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<sup>1</sup> Total council meetings comprises 4 ordinary and 6 special council meetings

**Table 4: Illustration on Audit Committee meetings and attendance per member in 2008/2009**

Date	Quorum formation		Attendance per member				
	Yes	No	Mahonga M.	Masegare P.M.	Mangokwane A.M.	Mokate A. M.	Mokwele M.W.
31.07.09 Postponed due to late arrival by one members		No	Absent (arrived late)	Present	N/A	N/A	Present
14.08.09 -Special	yes		Present	Presents	N/A	N/A	Present
28.08.09 -Special		No	Present	Absent	N/A	N/A	Present
29.10.09			Present	Absent	Present	Present	Present
08.02.10	Yes		Present	Present	Absent	Present	Present
31.05.10		No	Absent	Absent	Present	Absent	Absent
07.06.10	Yes		Present	Absent	Present	Present	Present
Total			5	3	3	3	6

From the table above, it has been clearly indicated that the Audit Committee had 5 ordinary and 2 special meetings scheduled. The special meetings dealt with Annual Financial Statements while ordinary meetings focused on financial oversight, performance information, Internal Audit and broader oversight matters as per the Audit Committee Charter.

The attendance of meetings by members was on the average of 75%. This has been exacerbated by the fact that two committee members' attendance of meetings was calculated at a total of 4 given that establishment processes were concluded at the end of August 2009 while other members continued to serve beyond the shared arrangements with the District Municipality

#### **Public Participation processes**

The municipality continued to ensure realization of democracy amongst its residents by constantly consulting them on municipal programmes. The consultation processes took the form of IDP/Budget sessions, Izimbizo's and IDP Representative Forum sessions. The sessions held appear as follows:

- ✓ **16 IDP/Budget sessions**
- ✓ **3 nodal izimbizos**

- ✓ 2 IDP representative forum sessions which culminated into the actual launching of the forum
- ✓ 3 Mayor-Magoshi forum sessions

### Backlogs in Service Delivery

There are still huge backlogs on key service delivery issues such as water, refuse removal, sanitation and housing. The backlogs are attributed to dependency and reliance on other agencies for delivery of key services, e.g., ESKOM for electricity, GSMD for water, sanitation and municipal roads, and RAL for provincial road and DLGH for housing. The implementing agencies also decide on the allocation per financial year which cannot assist the municipality in attaining the service delivery or millennium targets. A table below illustrates the service delivery backlogs as at the end of the 2009/2010 financial year.

**Table 5: Illustration on service delivery backlogs as at 30 June 2010**

Service level/standard	% of service distribution and accessibility		Backlogs as at June 2010	Comments
	Census 2001	Community Survey 2007		
Electricity/Source of Energy				
Grid energy-Lighting		69.5%	7230 households are without access to electricity, i.e., 1753 of which needs grid connection while 5 477 need post connections	A total of <b>2522 connections</b> were energized by June 2010. Included in the number is <b>466</b> (Apel/Mapodi) and <b>2056</b> (Selepe, Seokodibeng and Phashaskraal/Mosotse)  <b>880 connections</b> are planned for 2010/20111 FY. Villages earmarked for such connections are:  <b>Ledingwe/Sentlhane/Ramallane: 195</b>  <b>Phasha-Makgalanoto: 435</b>  <b>Mampa: 213</b>  <b>Shubushubung: 35</b>
-Heating		20.1%		
-Cooking		30.8%		
Gas-Lighting		-		
-Heating		-		
-Cooking		0.3%		
Paraffin-Lighting		7.3%		
-Heating		2.1%		
-Cooking		4.1%		
Wood-Lighting		-		
-Heating		74.5%		
-Cooking		64.4%		
Other-Lighting		0.3		
-Heating		3.3		
-Cooking		0.4		
Housing				363 housing units were constructed during the course of 2009/10 FY. The majority of them were part of 2006/7 allocation, 249 followed by 70(10 emergency housing) units for 2008/9 allocation.
Brick structure	79.1%	90%	2402 beneficiaries on the waiting list. The backlog	
Traditional dwellings	14.3%	5%		

Service level/standard	% of service distribution and accessibility		Backlogs as at June 2010	Comments
	Census 2001	Community Survey 2007		
Rooms in Backyard	1.0%	0.7%	increased by 59 beneficiaries, i.e., 3% from the 2343 list of 2009.	
Hostel	-	0.7%		
Refuse Removal				
Removed by local authority at least once a week	2.3	6.9	19 122 households do not have access to refuse removal services	There are currently 4000 households that access the refuse removal service through the Food for waste project
Communal refuse dump	0.7	0.9		
Own refuse dump	76.6	87.5		
No refuse dump	20.4	4.8		
Water				
Piped water inside the yard/dwelling	12.5	9.5	14 133 households do not have access to potable water	There are about 3 complete water projects in the municipal area but their completion does not translate into access to water by communities due to leakages that resulted from poor workmanship  Number of villages receiving water through tankering is estimated at 22
Communal stand pipe	45.8	53.6		
Borehole	9.1	5.7		
Spring, dam and stream	27.8	24.6		
Water vendor/tankering	0.3	8.1		
Rain water	0.3	3.2		
Sanitation				
Flush toilets	2.9	4.7	9341 households without toilets while 14 484 households have facilities below RDP standard	A total 2015 VIP toilets were constructed during the 2009/10 FY. 1725 units were constructed by SDM while 302 were constructed as a package by DLGH on RDP Housing Programme.  There are households in ward 6 and 8 wards with more than 1 VIP facility. This practice does not help in reduction of the backlog rather duplication of services.  4584 households are served with toilets of RDP standard out of 28 409 households.
Dry toilet facilities	-	1.1		
Chemical	0.9	16.7		
VIP	7.3	69.7		
Simple ( pit toilets without ventilation)	62.0	-		
Bucket latrine	0.5	-		
None	26.3	8.0		
Roads				
National		40 km	-	40 km surfaced
Provincial		110 km	27km	83 km surfaced
Local		120 km	105 km	15km surfaced

Source: Community Survey 2007, Stats SA and Fetakgomo 2009/2010 IDP

## CHAPTER THREE

### HUMAN RESOURCE AND OTHER ORGANISATIONAL MANAGEMENT MATTERS

Human resource is one of the essential and critical resources for the functioning and performance of every institution. This kind of a resource could be perceived as the think tank, implementor and manager of other resources. Therefore, the fate of every institution lies in the hand of human resource.

In this chapter, details on human resource of Fetakgomo Local Municipality will be given, starting with the implementation of the organogram to the development of the resources (human) as well as disclosures on the remuneration of the executives, i.e., section 57 managers and councillors.

#### Implementation of the Organogram (2008/2009 -2010/2011)

For the period under review, Fetakgomo Municipality operated with the organization structure which comprised 69 posts. The posts were spread over four main departments, that is, Corporate Services, Development Planning, Finance and Municipal Manager's Office. The core functions/divisions for each department are summarized in a table below.

#### Key Departments and Divisions

Divisions/ Functions	Department			
	Corporate Services	Development Planning	Finance	Municipal Manager's Office
	Administration	IDP	Budget	Internal Audit
	Human Resources and Pay roll	LED	Income and Expenditure	Legal Services
	Community Services	Land Use and Town Planning	Supply Chain Management	Risk Management
	Special Programmes	Technical Services		IGR
	IT	PMS ( Corporate)		
	PMS (Individual)			

57(83%) posts were filled while 12(17%) of posts were vacant. The filling of vacancies included direct recruitment, placement and secondment of personnel that was done along devolution of learner driver licensing. There was also intern intake of 6 graduates whereby five/5 were placed as finance interns and one/1 as IT intern. The IT intern is a graduate sponsored by the municipality through a bursary to study. Thus, his placement was in line with the Bursary Policy while finance interns are recruited and placed in line with the Municipal Finance Grant requirements.

The municipality also had five/5 resignations during the year under review. The posts affected included the Municipal Manager, Strategic Manager: Development Planning, LED Manager, LED Officer and the receptionist at the Thusong Service Centre. All

four vacancies were filled within 2 to 6 months of previous incumbents' resignation except for the receptionist and the Strategic Manager vacancies.

### Employment Equity status

Fetakgomo Municipality developed for the first time the employment equity plan as prescribed by section of 20 the Employment Equity Act. The development of the plan was also made possible through the efforts of the multi-stakeholders forum in the form of the employment equity committee wherein the representatives of the employers, the Independent Municipal Trade Union (IMATU) and South African Municipal Workers' Union (SAMWU) participated. The plan has detailed equity targets and performance against the plan is indicated below:

Equity issue	Post level/category	Target	Performance as at end June 2010	Ratio of female/male employees
Gender	Level 0 -5	43%	37%	17:28
People with disabilities	Level 1-3	3%	0%	0

A further analysis on the employment equity performance is summarized as follows:

- ✓ Overall female: male ratio stood at 24:39, which is 38% of female employees against 62% of male employees.
- ✓ Female representation at senior management level is 1 out of 3, i.e., 33%.
- ✓ Female representation at management level ( inclusive of senior management) is 5 out of 14, i.e., 36%
- ✓ Representation of people with disability across the entire workforce is at 3%

The analysis is a reflection that a lot of work has to be done to ensure employment equity across all levels of the municipality

**Table 6: Employment Equity status**

Occupational category	Level	Gender		Total
		Female	Male	
Section 57	0	01	02	03
Line Managers	1	04	07	11
PAs /Chief Officers	3	03	02	05
Officers	4	05	12	17
Clerks/Secretaries	5	04	05	09
Receptionists/telephonists/Cashier	8	01	01	02
Drivers/Handy man/Office Assistant/Sports Clerk	10	0	05	05
General Assistants	13	02	0	02

<b>Subtotal employees</b>		<b>20</b>	<b>34</b>	<b>54</b>
Interns (Finance)		03	03	06
Seconded employees(learner licensing)		01	02	03
<b>Subtotal (interns and secondments)</b>		<b>04</b>	<b>05</b>	<b>09</b>
<b>Total workforce</b>		<b>24</b>	<b>39</b>	<b>63</b>

### ***Human Resource Development***

Great strides were taken in developing human resources at the municipality. The human resource development programme was in line with the Workplace Skills Plan that is compiled and implemented annually. The plan is also developed and implemented in compliance with the Skills Development Act.

For the period under review, a total of **R 689 043.86** excluding travelling, accommodation and subsistence allowances was paid to cover training costs. The types of trainings that human resources attended catered for both councilors', employees' and ward committees' needs. The training programme also assisted the municipality to attain 100% of its target on prioritized training interventions. Table 7 below gives a detailed illustration on the types of trainings or human resource development interventions that different categories of internal stakeholders attended.



**Table 7: Human Resource Development Report for the period July 2009 to June 2010**

Programme	Sponsor	Period	Category		Total of participants	Gender		Provider	Cost	NQF level	Status
			Official	Councillor/ Ward Committee member		Male	Female				
Local Government Accounting Certificate	LGSETA	July 2009	CS=03 Fin=01		04	03	01	AATSA	N/A	04	Continues
Certificate Programme in Municipal Finance (CPMD)	LGSETA	July 2009	CS= 04 Fin= 04 DVP= 01 MM= 01	Cllrs= 04	14	05	09	Wits Business School	180 000.00	06	Continues
Softline VIP (Payroll Administration)	Fetakgomo	August 2009	CS=02		02	02		Softline VIP	R 14 912.28	N/A	Completed
Customer Satisfaction workshop	Premier's Office Limpopo Provincial Government	August 2009	CS= 02		02	01	01	Premier's Office	N/A	N/A	Completed
E Natis	Fetakgomo	September 2009	CS= 02		02	02		TASIMA	R 21 660.00	N/A	Completed
Advanced Excel 2007 skills	Fetakgomo	September 2009	Fin= 02 DVP= 01		03	02	02	Alusani Skills training & network	R 22 226.58	N/A	Completed
Supply Chain Management	Fetakgomo	September	DVP= 02		08	07	01	PALAMA	R 16 800.00	05	Completed

Programme	Sponsor	Period	Category		Total of participants	Gender		Provider	Cost	NQF level	Status
			Official	Councillor/ Ward Committee member		Male	Female				
		2009	Fin= 04								
Cashiers, Consumers and Sundry debtors	Fetekgomo	September 2009	02		02	01	01	Commercial & Industrial Computer Services	R 17 100.00	N/A	Completed
Management Development Programme for Municipal Councillors	DLGH	September 2009	CS= 01	02	03		03	University of Limpopo	N/A	05	Continues
Intermediate Legislative Drafting	Dept. of Local Government & Housing	October 2009	CS= 01		01		01	Law Commission	N/A	N/A	Continues
Generally Recognized Accounting Practice	National Treasury	November 2009	Fin= 03		03	03		ALTIMAX Consulting	N/A	N/A	Completed
Professional Receptionist & Secretarial skills	Fetakgomo	November 2009	CS= 02		02		02	Damelin Business College	R 7 100.00	N/A	Completed
Monitoring & Evaluation workshop	PALAMA	December 2009	CS=03	14	17	08	09	MK Consulting	N/A	N/A	Completed
SDF Induction programme	LGSETA	January 2010	CS= 01		01	01		LGSETA	N/A	N/A	Completed
Local Government Management	Fetakgomo	January 2010	CS=01		01		01	Belgravia Institute	R 4 125.00	05	Completed

Programme	Sponsor	Period	Category		Total of participants	Gender		Provider	Cost	NQF level	Status
			Official	Councillor/ Ward Committee member		Male	Female				
E-Natis: Booking and Task Management System	Fetakgomo	February 2010	CS= 03		03	03		Tasima	R 12 996.00	N/A	Completed
ELMDP	LGSETA	March 2010	CS= 02	02	04	03	01	Univ. of Pretoria	N/A	6	Continues
Asset Management (Board system)	Fetakgomo	March 2010	Fin= 06		06	02	04	Combined Systems Pty. Ltd	R 35 568.00 (FMIP)	N/A	Completed
Basic Computer Training	SANAPB	March 2010	CS = 01		01	01		SANAPB	N/A	N/A	Completed
Municipal Governance	LGSETA	March 2010	Fin= 02	Cllrs=02	04	02	02	Univ. of Johannesburg	N/A	5	Continues
PMS	Sekhukhune District Municipality	March 2010	CS= 05 DVP= 07 Fin= 03		15	09	06	Projects Doctor	N/A	N/A	Completed
Caseware training (Preparation of financial statements)	Fetakgomo	April 2010	Fin= 02		02	02		CQS	R 54 000.00	N/A	Completed
Customer Care training	Fetakgomo	April 2010	CS=03 Fin=03	06 (W/C)	12	06	06	Regent Business School	R 54 600.00	5	Completed

Programme	Sponsor	Period	Category		Total of participants	Gender		Provider	Cost	NQF level	Status
			Official	Councillor/ Ward Committee member		Male	Female				
Project Management	Fetakgomo	May 2009	MM= 01		01		01	Wits	Paid in 2008/2009	5	Not completed
Management Leadership	Fetakgomo	May 2010	CS=06 PVP=03 Fin=01	11 (W/C)	21	13	08	Mancosa	R 57 228.00	05	Completed
Local Government Management	Fetakgomo	May 2010	Fin=03 CS=03 Fin=03	14 (W/C)	22	09	13	Mancosa	R 57 228.00	05	Completed
Marketing Management	LGSETA	May 2010		14 (W/C)	14	07	07	Educore	LGSETA	04	Continues
Crime & anti-corruption workshop	Greater Sekhukhune District	June 2010	MM= 01 CS= 01 Fin= 01		04	02	02	COGTA	N/A	N/A	Completed
Certificate in Municipal Finance Management Programme	Fetakgomo	May 2010	Fin= 02		02	01	01	DBSA Vuli'ndlela Academy	R 72 000.00	6	Continues
Financial Skills training	Fetakgomo	May 2010	CS=03 Fin=01	06(W/C)	10	06	04	Summat Training Institute	R 61 500.00	4	Completed

Programme	Sponsor	Period	Category		Total of participants	Gender		Provider	Cost	NQF level	Status
			Official	Councillor/ Ward Committee member		Male	Female				
Fraud and Anti-corruption	Sekhukhune District	June 2010	MM=01 Fin=01 CS=01	Cllr.=01	04	02	02	COGTA	N/A	N/A	Completed
Caseware training Budget Returns	Fetakgomo	June 2010	Fin=02		02	01	01	CQS	N/A	N/A	Completed
<b>Total</b>					<b>208</b>	<b>123</b>	<b>85</b>		<b>R 689 043.86</b>		
<b>Total Cost to the municipality R 689 043.86</b>  <b>Ward Committees = R 87 950.00</b>  <b>Councillors = R 90 000.00</b>  <b>Officials = R 511 093.86</b>											

**Disclosures Concerning Councillors, Directors and Senior Officials for the period 1st July 2009 to 30th June 2010**

**Table 8: Disclosure for Section 57 Managers and Councillors**

Description	Municipal Manager	Chief Finance Officer	Corporate Services	Development Planning	Total
Basic annual Salary	199 003	205 717	304 177	216 788	925 685
Performance and other bonuses	46 500	-	50 610	42 397	139 507
Car allowance	46 283	121 659	85 187	85 888	339 017
Contributions for UIF, Medical Aid & Provident Fund	207 160	150 252	231 539	199 374	788 325
Cell phone allowance	4 800	7 000	-	7 000	18 800
<b>Total in Rands</b>	<b>503 746</b>	<b>484 628</b>	<b>671 513</b>	<b>551 447</b>	<b>2 211 334</b>

**Councillors' Allowances**

Portfolio	Mayor	Speaker	Chief whip	EXCO	Council	Total
Remuneration/Allowance in Rands	597 322	468 747	400 148	900 323	3 259 575	5 626 115

## CHAPTER FOUR

### AUDITED FINANCIAL STATEMENT AND RELATED FINANCIAL INFORMATION

#### Introduction

This Chapter presents a financial status of the municipality as on the 30<sup>th</sup> June 2010. The financial status is depicted in the form of revenue that was appropriated in terms of the Division of Revenue Act, i.e., grants received and expenditure trends on grants. A summary on the financial statements also form part of the chapter.

#### Grants received

Fetakgomo Municipality was a beneficiary to various government grants appropriated through DoRA. Among the list is Equitable Share, Financial Management Grant, Local Government Sector Education Grant, Municipal Infrastructure Grant and the Municipal Systems Improvement Grants. Details on the grants appear on **table 9** below.

**Table 9: Quarterly Information on Grants received in 2009/2010**

Grant details	July 2009 to September 2009		October 2009 to December 2009		January 2010 to March 2010		April 2010 to June 2010		Annual Total	
	Received	Spent	Received	Spent	Received	Spent	Received	Spent	Received	Spent
Equitable Share	10 890 204.00	6 849 893.93	3 962 000.00	7 425 774.69	12 301 546.00	7 087 383.74	-	5 790 697.64	27 153 750.00	27 153 750.00
MIG	5 233 937.62	1 141 547.93	3 613 000.00	2 623 854.78	6 500 000.00	2 154 897.72	3 407 000.00	5 309 218.79	18 753 937.62	11 229 519.22
MSIG	934 625.00	79 092.22	-	42 960.43	-	282 086.50	311 171.42	311 252.42	934 625.00	715 391.57
FMG	1 019 789.30	184 154.74	-	222 803.95	-	211 793.80	-	401 013.89	1 019 789.30	1 019 766.38
Total	18 078 555.92	8 254 688.82	7 575 000.00	10 315 393.85	18 801 546.00	9 736 161.76	3 718 171.42	11 812 182.74	47 862 101.92	40 118 427.17

### ***Summary of 2009/2010 Annual Financial Statements***

The Statement of Financial Position of the municipality depicts the total revenue of the municipality for the financial year as **R R41, 932, 720.00** while the expenditure was depicted at **R R33 506 458.00**, leaving the surplus of **R 8 604 380.00**. The spending was spread across **4 departments** of the municipality, Corporate Services, Development Planning, Finance and Municipal Manager's Office. Expenditure for the period under review is further classified into the employee related expenses, general expenses and the capital expenditure. **Employee related costs increased from R 13 298 012.00 in 2008/9 to R 15 152 489.00** and this covered salaries and wages, **Councillors' remuneration of R 5 626 115.00**, **General Expenses of R 9 930 483.00**, **Depreciation of R 1 401 367.00**, **Finance costs of R 28 173** and **maintenance and repairs of R 259 520.00**.

As reflected in section 1.3, of this report, the **total assets for the municipality are valued at R 55 862 301.00**. This value is **24% (R 13 311 972.00)** more than the 2008/2009 assets value. The **liabilities** for the period under review had a monetary **value of R 11 899 111.00** while at the end of the 2008/2009 financial year, the liabilities stood at **R 7 207 422.00**. The **liabilities value increased by R4 691 689.00 which is 39% increase**. The main contributors to the liabilities are the unspent conditional grants to the tune of **R 7 790 446** while trade and other payables contributed **R 3 980 255.00** of the liabilities (included are leaves accrual and retentions).

**The cash book balance** in the Call Account was **R10 423 260.00 at the beginning of the financial year** and **R 10 858 750.00 at the end of the year, i.e., on the 30<sup>th</sup> June 2010**. Cash on hand was R 674.00 only.

Detailed financial statement of the municipality is attached as **Annexure B**.



**EXTERNAL AUDIT QUERIES IMPLEMENTATION PLAN FOR THE YEAR ENDED 30JUNE 2010**

EXC NO	DIVISION/DEPARTMENT	QUERY	RESPONSIBLE OFFICIAL	ACTION PLAN	TIME FRAME
1	Human Resources	Councillors not contributing to Unemployment Insurance Fund.	Manager Human Resource	Solicit advice from National Treasury and SALGA.	31 January 2011
2	Human Resources	Overpayment of leave payouts on termination of employment.	Manger Human Resource	Recover amount overpaid from responsible officials and also to make manual recalculation before leave is paid out	31 March 2011
3	Supply Chain Management Unit	Inventory adjustment without approval of the Council.	Supply Chain Manager	Approval level to be included in the finance manual to give CFO authority to authorize inventory adjustments	30 January 2011
4	Supply Chain Management Unit	The issue vouchers for inventory are not sequentially numbered.	Supply Chain Manager	Issue vouchers to be sequentially number from November.	31 December 10
5	Budget Unit	The sale tender document tariff was not approved by the Council.	Budget Manager	Tender document tariff to be included in the 2011/2012 tariff structure	30 June 2011
5	Development Planning	Predetermined objectives: Indicators and target	IDP Manager	Ensure that there is alignment between indicators, baseline and targets	30 June 2011
6	Technical department	Predetermined objectives: Targets not achieved	Strategic Manager: Technical Services	Ensure realistic time frames for project implementation considering external factors	30 June 2011

7	Municipal Manager	<b>IT Governance :</b> -Lack of IT Risk register, -Inadequate information security policy -Functions of information security officer not formally allocated.	Municipal Manager	Conduct regular IT risk assessment Update information security policy Document the delegations of the Municipal Manager as Chief Information Security Officer	30 June 2011
8	Corporate Services	<b>Security Management:</b> -Inadequate security network environment -Inadequate security for operating system -No review for report on access and log violation -Inadequate network security controls to prevent unauthorized access to the application system	Strategic Manager: Corporate Services	Upgrade security on IT infrastructure Regular review on access and log on violation reports	30 June 2011
9	Municipal Manager's Office	<b>User access control</b> -Excessive access rights assigned to IT Officer -No monitoring for service providers to the system -No restrictions on user access	Municipal Manager	-Segregation of access rights through delegating some rights to the senior manager/s -Cater for a IT Manager post in 2011/12 structure -	30 June 2011
10	Corporate Services	<b>Facilities and environment control</b> -Lack controls for server room access -Damaged server room -floor -Lack of evacuation plan	Strategic Manager: Corporate Services	Put access control note on server room door Fix damaged floor Develop evacuation plan and conduct regular drills	31 March 2011
11	Corporate Services	<b>IT Service Continuity</b> -Disaster recovery plan not fully implemented -Inadequate back up system	Strategic Manager: Corporate Services	Finalise DRP and implement it fully Conduct regular back-ups and post information to the off-site depository.	31 March 2011

## CHAPTER FIVE

### FUNCTIONAL AREA AND SERVICE DELIVERY REPORTING

This Chapter gives a synopsis on the performance of the municipality for the period under review in accordance with the Service Delivery Implementation Plan (SDBIP) or operational Plan. The SDBIP for 2009/2010 financial year had 49 projects. The performance of which reflects 67% (33 projects) were attained at 100% while 33%(16) which were partially achieved. Detailed performance against targets is illustrated per Key Performance Area below.

#### KPA 1: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT PROJECT 1: IDP/ BUDGET REVIEW

No	Project	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance / challenges	Mitigation/ Comments
1	IDP/Budget Review	Adoption of the IDP within the prescribed legal requirements	Percentage compliance with the legal timeframe	IDP/Budget adopted within the legal timeframe	Revised IDP/Budget approved by Council  31 August 2009 (process plan)  17 December 2009 (Consolidated Analysis document)  31 March 2010 (draft)  31 May 2010 (Final IDP)	<b>Target achieved</b>  Final IDP/Budget adopted on time 27 <sup>th</sup> May 2010. <b>SC26/10</b> serves as evidence	None	Undertake Ward-to-Ward visit for data collection for the next 5 yrs 2011/12-2015/16 IDP/Budget
		Public participation sessions on the IDP/Budget	Number of IDP/Budget public sessions held	10 Sessions held	9 nodal  2 sectoral participation	<b>Target exceeded</b>  <b>16 sessions</b>	Poor attendance at some	Maximize awareness on sessions

		conducted			sessions	-6 nodal public participation sessions -3 IDP Rep Forum sessions -3 IDP steering committee meetings -4 sectoral participation sessions	sessions	through loud haling and using existing community structures.  Ensure meetings of the established Fetakgomo IGR Forum take place
		Alignment of processes with sector dept and the private sector	Number of alignment meetings held	7 sessions held	9 alignment sessions held (2 per cluster and 1 consolidated)	<b><u>Target exceeded</u></b> <b>13 sessions</b> *3 PDPF sessions * 8 District Planning Forum sessions * 2 local sessions (strategic planning and analysis)	Poor attendance by some sector depts.	Ensure full participation of sector departments by writing letters to those which poorly performing and provision of feedback from the meeting/forum

**PROJECT 2: IMPLEMENTATION OF LUMS AND SDF<sup>2</sup>**

No	Project	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance/ Challenges	Mitigation/ Comments
2	<b>Implementation of LUMS and SDF</b>	Ensure appropriate land use and integrated development	Percentage of targeted projects implemented	LUMS and SDF in place	Workshops with Magoši-3 workshops	<b><u>Target achieved</u></b>  3 workshops held:  *17 <sup>th</sup> Aug 2009  *20 <sup>th</sup> Aug 2009  *22 <sup>nd</sup> Aug 2009	No representatives from (8) other traditional authorities:	Workshop on LUMS to be done annually. The number of workshops with traditional authorities be increased from 3 to 6.
					Rationalisation of land allocation/disposal procedures	<b><u>Target achieved</u></b>  Disposal Policy developed and approved by Council on 30 <sup>th</sup> Sept 09.	None	None
					Demarcation of sites for two traditional authorities	<b><u>Target is partially achieved</u></b>  *Indie demarcation of sites on hold due to lack of consent from land rights	Land ownership conflicts within the affected tribal authorities (Indie demarcation)	Indie demarcation of sites project has been relocated to Vhembe

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<sup>2</sup> LUMS and SDF and Township Establishment could be considered under KPA 2 in future.

						holders.  *Demarcation of sites for Strydkraal B is complete, hand over was done on 23 <sup>rd</sup> June 2010 y.  *Demarcation of sites for Strydkraal A, awaiting S.G plan approval.		
					Explore feasibility for land tenure upgrading opportunities	<b><u>Target achieved</u></b> <b>2</b> w/shops held on tenure upgrading opportunities  *Masha - Makopole:4.11.09  *Tau Mankotsane 9.12.09	None	None
					60 land use applications processed	<b><u>Target exceeded</u></b> <b>83</b> applications processed  *1 <sup>st</sup> Quarter = 50  *2 <sup>nd</sup> Quarter = 14  *3 <sup>rd</sup> Quarter =10	None	None

						*4 <sup>th</sup> Quarter =09		
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### PROJECT 3: TOWNSHIP ESTABLISHMENT

No	Project	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance/ Challenges	Mitigation
3	Township establishment	Ensure land proclaimed for township establishment	Percentage completion for proclamation documentation	Signed memorandum for the release of portion 2	Proclamation of Phase I of the township	<b><u>Target not achieved</u></b>	Interruption of hearings on the 25 <sup>th</sup> March 2010 by affected traditional authorities	Engagement session held on 09 <sup>th</sup> June 2010 with sector dept and Limpopo Development Tribunal. The tribunal resolved that the disrupted hearing be re-convened not later than July 2010.
					Revision to township identity	<p>*Transfer of portion 2 into the name of the Municipality on 01.10.09</p> <p>*DFA application lodged with the Tribunal</p> <p>* DFA tribunal hearings held on 25.02.10 and 25.03.10</p>		

					Street naming and stand numbering	<p><b><u>Target not achieved</u></b></p> <p>Draft street naming and numbering guidelines developed and subjected to Council processes as per</p> <p><b>C 93/09</b></p>	The relevant committee to facilitate street naming is not yet established	Advise council to act promptly on the naming committee establishment not later than September 2010.
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#### PROJECT 4: MUNICIPAL MASTER PLAN

No	Project	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance / challenges	Comments
4	Municipal Master Plan	To develop a tool for consolidated and integrated planning	% completion of the plan	New indicator	100% completion	<p><b><u>Target not achieved</u></b></p> <p>*0% progress</p> <p>*Advertised for professional service providers in Nov 2009 (Bid closed on 30/11/09).</p>	The project was discontinued due to financial constraints	Engage DBSA and other institutions for possible funding for the project. Council consent for delayed implementation was solicited as per <b>C65/09</b>



## 5. POLICY DEVELOPMENT, REVIEW AND ENFORCEMENT

Project	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance / challenge	Comments
Policy Development , review and enforcement	Ensure alignment of policies to relevant legislation	% completion of council delegations review	Council delegations in place	100% review	<b><u>Target achieved</u></b>  Reviewed council delegations approved by Council (C52/09) dated 17/12/2009	None	There is a need to develop delegation for the chief whip in the next financial year
		Number policies reviewed	18 policies in place	1 policies reviewed  - travel and subsistence	<b><u>Target achieved</u></b>  2 policies reviewed – Travel & Subsistence (Transport Allowance Policy) (C85/09) dated 17/12/2009	None	The Travel & Subsistence Policy was renamed Transport Allowance Policy in terms of SALGA recommendations   Target revised accordingly
		Number of additional policies developed	18 policies in place	1 policy  -Relief benefit policy	<b><u>Target achieved</u></b>  1 policy developed – Bereavement Policy (C86/09) dated 17/12/2009	None	None
		No. of compliance reports generated	18 policies	4 reports  (1 per quarter)	<b><u>Target achieved</u></b>  4 reports generated	None	None

## 6. DEVELOPMENT OF BY-LAWS

Project	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance / challenges	Comments
Development of By-laws	Providing and improving compliance to municipal regulatory environment	No. of by-laws processed for promulgated	8 By- laws	3 by-laws developed  -Refuse removal  -Public amenities  -By- law relating to streets	<b><u>Target achieved</u></b>  3 by-laws processed for promulgation (143/10) dated 30/06/2010		A budget should be set aside for gazetting in order to speed up promulgation of by-laws
		No. of by-laws monitored for implementation	New indicator	3 by laws  - Bill boards  - Land Use  - Property rates	<b><u>Target achieved</u></b>  [*Billboards still awaiting feasibility studies  *Land use was partially implemented  *Property rates' service provider appointed for the development of valuation roll	CS is responsible for	Billboards – an advert must be issued to invite interested and capable companies to make proposals for the function

### PROJECT 7: PMS Implementation (Individual)

Project	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance / challenge	Comments
PMS Implementation (Individual)	Cascade PMS implementation to 2 <sup>nd</sup> layer of employees below the	% implementation of the PMS framework	Performance agreement for s(57) managers and some	100% Implementation of PMS  -Level 4 (Officers)	<b><u>Target not achieved</u></b>	The implementation of this objective was dependent of the successful implementation of	

	division managers		managers reporting to s(57) signed.			the cascading of PMS to Level 1 managers which was partly done.	
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**PROJECT 8: DEVOLUTION OF TRAFFIC FUNCTIONS (Learners' license)**

Project	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance / challenge	Remarks
Devolution of traffic functions	Facilitate devolution of traffic licensing functions	% completion of the devolution process	Vehicle Licensing functions	100% -testing functions -testing station	<b><u>Target 50% achieved</u></b>  The target was archived in respect of devolution of testing function but not archived in respect of testing station.	Construction of testing station 0%	Construction of testing station is yet to be done as it is dependent on the DoRT
		No. of performance reports generated	12 reports	12 reports	<b><u>Target achieved</u></b>  12 reports generated	None	None

**PROJECT 9: IT PROGRAMMES AND SUPPORT**

Project	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance / challenges	Mitigation/ Comments
IT programmes and support	Ensure integrated risk managed IT environment	% completion of the reviewed Disaster Recovery Plan	Disaster recovery plan,  Internet Acceptable Use, Password and Notebook/Laptop policies in place	Adopted disaster recovery plan	<b><u>Target not achieved</u></b>  90% completion of DRP	The IT problem was underestimated and now we have realized that the challenges are huge and need time and	More resource allocation

						resources	
		No. of reports on IT improved environment	New indicator	6 reports ( 1 bi-monthly)  Functional Email system  - Reduced Virus related challenges	<u>Target achieved</u>  6 reports	None	It is recommended that when funds permits, a post for an IT Manager be considered in future
		Ensure requisite acquisition of IT implements	Limited equipments in place	Per departmental requests	<u>Target achieved</u>	None	None

**PROJECT 10: ORGANISATIONAL DEVELOPMENT**

Project	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance / challenges	Mitigation/ Comments
Organisational development	Ensure effective organisational development	% compliance to bargaining council collective agreement (Wage curve)	Organogram and Job Evaluation Report in place	100% compliance per quarter	<u>Target achieved</u>  Collective agreement signed in April 2010. Adopted by Council at its meeting of 30th June 2010.	None	In terms of the collective agreement, implementation is with effect from 1 <sup>st</sup> July 2010
		% implementation of training needs identified (2009/10)	2007/08 Training Report	100% implementation of training needs identified	<u>Target achieved</u>  100% prioritized training needs have been implemented as per approved budget.	None	Not all training needs as could be attended to due to Budgetary Constraints
		% completion of the skills audit	New Indicator	100% skills audit report	<u>Target achieved</u>  Skills audit report in line with	None	None

					the WSP is in place		
		% completion of the WSP (2010/11)	2009/10 WSP in place	100% WSP	<b><u>Target achieved</u></b> WSP compiled and submitted on the 30 <sup>th</sup> June 2010	None	None
	Ensure efficiency of the human resource	No. of critical training programmes per department	New Indicator	4 key training programmes -Secretarial skills -Budget Management -Revenue and credit management -Project Management	<b><u>Target partially achieved</u></b> 03 training programmes offered as per target. Secretarial skills-corporate services  Budget management-Corporate services ,Finance, Development Planning  Revenue and credit management-Finance)	The former municipal manager left the institution before completing the Project Management programme	None

**PROJECT 11: HUMAN RESOURCE MANAGEMENT**

Project	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance / challenges Q4	Mitigation/ Comments
s Human Resource Management	Improve personnel information management	% compliance to HR Policy on personnel information	HR policy in place	100% compliance	<b><u>Target achieved</u></b>	None	None
	Implement approved Organisational Structure	% vacancies filled	Organogram in place	100%	<b><u>Partially achieved</u></b> At 75 % vacancies filled, i.e., 53 out of 71 posts on the	25% of post not filled ( 18 posts which comprise 5	All budgeted posts were filled except for vacancies which occurred during

					organogram	funded and 13 unfunded)	the course of the year
		% progress on placement	Placement policy in place	100%	<b><u>Target achieved</u></b>	None	None
	Maximise efficiency of payroll management	% accuracy on pay roll information	Systems in place	100%	<b><u>Target not achieved</u></b>  Accurate tax input was done from May 2010 (75%)	Tax related challenges were experienced	Deployed services of a tax expert for professional advice
		% compliance to payroll procedure manuals	New indicator	100%  - Turn around time for pay roll process	<b><u>Target achieved</u></b>	None	None
	Improve functionality of work place for a	No. of reports generated	Committees in place Placement Committee LLF Bursary Committee Training Committee	4 (1 per quarter)	<b><u>Target achieved</u></b>  <u>4 reports on functionality of LLF, Bursary, Training, Placement, etc</u>	Improve the functionality of the Employment Equity Committee	Placement committee dissolved due to the completeness of the placement process.

**KPA 2: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT**

**PROJECT 1: FREE BASIC ELECTRICITY**

No	Project	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance/ Challenges	Comments
1	Free Basic Electricity	Facilitate for the provision of FBE to legible indigent s	No. of campaigns held	New indicator	12 FBE campaigns	<u>Target exceeded</u> 13 FBE campaigns held	None	Performed above the target
			No of applications processed for configuration	Configured = 2849	300 applications processed	<u>Target exceeded</u> 782 Applications processed through awareness campaigns	None	Performed above target

**PROJECT 2: STREET LIGHTING**

No	Project	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance/ Challenges	Comments
2	Street Lighting	Facilitate provision of Street Light	% completion of street lights construction	At construction stage	Functioning of Street Lights	<u>Target not achieved</u> Progress at 95%	Street lights only functioned for a month and transformers failed while the contractor was attending the snag list	Failure by the contractor to fix outstanding work led to the termination of contract, awaiting submission of proposal (remedial work) for functioning
		Monitor the installation of Street Lights according to acceptable standards	Completion report submitted	New Indicator	1 completion report	<u>Target not achieved</u>		

								of street lights
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**PROJECT 3: HIGH MAST LIGHTING**

No	Project	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance/ Challenges	Comments
3	High Mast Lighting	Facilitate provision of mass Lighting	% progress on the construction of high mast lights	New Indicator	100% completion	<u>Target not achieved</u>  Progress at 25%	Work done up to 15 foundations Delayed delivery of material by the supplier delayed progress	Continuous engagements with the supplier to facilitate for delivery.
		Monitor the installation of High Mast Lights according to acceptable standards	Completion report submitted	New Indicator	1 completion report	<u>Target not achieved</u>		

**PROJECT 4: EQUIPPING OF CIVIC HALL**

No	Project	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance/ Challenges	Comments
4	Equipping of Civic Hall	Ensure the functionality of the Civic Hall	Percentage progress in equipping	Partially equipped civic hall	Fully equipped Civic Hall (overhead projector and screen) <sup>3</sup>	<u>Target achieved</u>	Insufficient budget due to the fact that part of the available budget was used to supply outstanding furniture from	Target revised during mid term review and adjusted scope to outstanding items for 2008/9 FY

<sup>3</sup> To be confirmed



							2008/09 f/y.	
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**PROJECT 5: CONSTRUCTION OF SPORTS FACILITY**

No	Project	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance/ Challenges	Comments
5	Construction of Sports Facility	Provide infrastructure to promote local sports activities	Percentage progress in construction	New indicator	100% completed sports facility	<u>Target not achieved</u>	Contractor appointed and site handed over to the contractor on the 3 <sup>rd</sup> June 2010. Project extended to include indoor sports facilities which were initially planned to be implemented through National Lottery Funding.	Project scheduled for completion in 2010/11 f/y

**PROJECT 6: CONSTRUCTION OF LANDFILL SITE**

No	Project	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance/ Challenges	Comments
6	Construction of Landfill Site	Ensure provision of infrastructure for refuse management	Percentage progress on construction	Consultant appointed	Fully functioning landfill site	Target achieved	Landfill site not operational due to lack of machinery.	Engagements with LEDET for finalizing operational plan. i.e., amendments from daily compaction of waste to bi-weekly.

**PROJECT 7: EXTENSION OF MUNICIPAL OFFICES**

No	Project	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance/ Challenges	Comments
7	Municipal Offices	Ensure adequate office space for	% progress on construction	New Indicator	50% progress in construction	<u>Target not achieved</u>	Progress at 10%. Delayed implementation	Construction on progress

		municipal staff			of new offices		due to the fact that designs had to be revised three times to match limited funds	
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**PROJECT 8: PIT TOILETS**

No	Project	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance/ Challenges	Comments
8	Pit Toilets	Ensure backup ablution facilities given the water challenges	Percentage progress on construction	New Indicator	Ensure fully functional backup ablution facilities	<b>Target achieved</b> Completed on the 15 <sup>th</sup> November 2009	Toilets not user friendly	Outstanding auxiliary items to be installed as part of maintenance of facilities

**PROJECT 9: FATSC INFRASTRUCTURE – PAVING**

No	Project	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance/ Challenges	Comments
9	Fetakgomo Atok Thusong Service Centre/ <b>FATSC</b>	To improve safe utility of the centre	Percentage of envisaged area paved	15% of envisaged area paved	-100% of envisaged area Paved	<b>Target achieved</b>  Completed on the 22 <sup>nd</sup> April 2010	None	Terminated consultant contract

**PROJECT 10: GRADING OF SPORTS FIELDS**

No	Project	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance/ Challenges	Comments
10	Grading of sports fields	Support local sports activities	No. of sports fields graded	3 fields graded	3 fields	<u>Target achieved</u>  2 sports field graded.	Due to insufficient funds only Mokgotho and Shubushubung sports fields were identified & graded.	Revised target during mid year review

**PROJECT 11: ENTRY POSTS**

No	Project	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance/ Challenges	Comments
11	Entry posts	To create awareness and provide information on municipal intentions	Number of entry posts constructed	One entry post on construction	2 Entry posts Constructed	<u>Target achieved</u>  1 entry post constructed	Application for entry post along R37 corridor was unsuccessful due to strict SANRAL laws which restrict construction of permanent infrastructure (building) within the road reserve	Revised target during mid year review

**PROJECT 12: FACILITIES AND FLEET MANAGEMENT**

No	Project	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance / challenges	Comments
12	Facilities and Fleet Management	Improve usability of community facilities	No. of community halls upgraded	All community halls have basic amenities	1 community hall modeled	<u>Target achieved</u>	None	None
			No. of maintenance reports generated	New indicator	4 reports ( quarterly)	<u>Target achieved</u> 4 reports	None	None
		Provide efficient and economic fleet management	% compliance to service schedules	New indicator	100% compliance	<u>Target achieved</u>	None	None
			No. of reconciliation reports on km traveled per vehicle	New indicator	-12 monthly reports	<u>Target achieved</u>	None	None
			% compliance to vehicle licensing schedules	New indicator	Vehicle licenses filed	<u>Target achieved</u>	None	None
			No of reconciliation reports	New indicator	4 reports (quarterly)	<u>Target achieved</u>	None	None
			Number of compliance reports submitted	Monthly reports submitted	12 monthly reports submitted	<u>Target achieved</u>	None	None
		Provide requisite support and monitoring for security services						

**PROJECT 13: UPGRADING OF CEMETERIES**

No	Project	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance/ Challenges	Comments
13	Upgrading of cemeteries	Provide fencing for cemeteries	Number of cemeteries fenced	2 cemeteries fenced	2 cemeteries fenced	<b><u>Target achieved</u></b>  2 cemetery sites (Mokgotho and Shubushubung) fenced	None	None

**PROJECT 14: REFUSE REMOVAL**

Project	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance / challenges	Comments
Refuse removal	Ensure sustainable refuse removal initiatives	No. of villages added to the pilot	Piloted the refuse removal pilot to Apel Node (Apel, Mashung'a Nkwana and Nchabeleng)	Extension of the existing pilot to 3 areas (Hoeraroep portion 2, Hlapo at Nchabeleng and Madithame section of Apel)	<b><u>Target achieved</u></b>  Services extended to 3 areas (Hoeraroep portion 2, hlapo at ga-Nchabeleng and Madithame villages)	None	None
		Number of transfer stations fenced	One transfer station fenced	Two transfer stations fenced	<b><u>Target achieved</u></b>  2 transfer stations fenced (Apel and Nchabeleng)	None	None
	Procurement of refuse	No. of key amenities	Municipal truck currently serving	-Specialized	<b><u>Target achieved</u></b>	None	None

	removal amenities	procured	purpose, basic tools & transfer station	truck - 4 Weighing scales -Additional basic tools	4 weighing scales, 100 wheel barrows & 1 ( truck)		
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**PROJECT 15: PEDESTRIAN SIDE WALKWAYS**

No	Project	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance/ Challenges	Comments
		Facilitate pedestrian safety	% progress on the construction of the side walkways	New Indicator	100% completion	<u>Target not achieved</u> Progress at 40%	Lack of commitment by the consulting engineer delayed progress	Representative Engineer (RE) is full time on site to ensure quality and monitor progress
		Monitor the construction of pedestrian sidewalk ways according to acceptable standards	Completion report submitted	New Indicator	1 completion report	<u>Target not achieved</u>		Project still on progress

**PROJECT 16: CONSTRUCTION OF THE INDOOR SPORTS FACILITY**

No	Project	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance/ Challenges	Comments
5	Construction of the indoor Sports Facility	Provide infrastructure to promote local sports activities	Percentage progress in construction	New indicator	50% progress on the construction	<u>Target not achieved</u>	Application for funds to National Lottery was not successful. Project scope included in the MIG funded project for sports complex.	Need to include projects that are within control of FTM in future (SDBIP)

**KPA 3: LOCAL ECONOMIC DEVELOPMENT**

**PROJECT 1: PROMOTION OF LOCAL TOURISM**

No	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance/Challenge	Mitigation
1	Promotion of Local Tourism	Percentage of targeted projects implemented	Unexploited tourism sector	Local Tourism Plan in pace	<u>Target achieved</u> Local Tourism Plan approved by the Council for implementation.	Limited budget for the implementation of the Plan.	The Municipality to explore partnership with other stakeholders in implementing the plan.
				Local Tourism Centre	<u>Target not</u>	FTM has no control	The Municipality is to engage relevant

				constructed	<u>achieved</u>  Local Tourism Centre is at 90% progress.	over this project	stakeholders for the speedy completion and operationalisation of the centre
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**PROJECT 2: FARMERS SUPPORT**

No	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance/Challenge	Mitigation
2	Ensure that small-scale farmers are assisted appropriately	Number of farmers supported	1 focused small scale farmers' project and 9 other farmers project being supported.	1 small scale farmer supported and sustenance support to 10 others	<u>Target achieved</u>  2 small-scale farmers supported i.e. funding approved for 1 small scale farmer by the NDA, the Municipality advertised for supply and installation of irrigation system for similar project (Mapue Gardening Project).	Slow progress by benefactors to release funds to support small scale farmers.  High bids prices lead to postponement of internal support	Engage the key stakeholders for collaboration in support of small scale farmers.  FTM support to be realized in 2010/11 FY
					10 small scale farmers projects profiled for support and monitored for	None	None



					sustenance.		
					Supported 1 small scale farmer in institutional and technical capacity (i.e. Fetakgomo Farming Cooperative Pty Ltd).	None	None

**PROJECT 3: LOCAL BUSINESS SUPPORT**

No	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance/Challenge	Mitigation
3	Empowerment of SMMEs in partnership with LIBSA and other stakeholders	Number of Empowerment sessions held	9 Empowerment session	12 empowerment sessions	<b><u>Target exceeded</u></b>  14 empowerment sessions held in collaboration with LIBSA	Limited budget for more innovative SMME empowerment initiatives	Forging partnership with other stakeholders for collaboration

**PROJECT 4: COMMERCIALIZATION OF POTLAKE NATURE RESERVE**

No	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance/Challenge	Mitigation
4	Facilitate for the commercialization of Potlake Nature Reserve	No. of reports submitted	All concerned stakeholders signed a letter giving a go ahead for advertisement of investor	4 reports	<b><u>Target not achieved</u></b>	The progress of the project depends highly on Limpopo Tourism and Parks	Discontinue with project but monitor progress within the LED strategy Implementation

### PROJECT 5: JOB CREATION

No	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance/Challenge	Mitigation
5	Facilitate for the creation of job opportunities through LED initiatives	No of jobs created through initiatives	529 job opportunities create: 252 permanent and 277 temporary	100 permanent jobs, 150 temporary jobs	<p><b><u>Target achieved</u></b></p> <p><b>242</b> permanent jobs created and 80 temporary during the period July 2009 to April 2010 as follows:</p> <p>Females employed: 174</p> <p>Males employed: 154</p> <p>Disabled employed: 2</p> <p>Youth employed: 246</p> <p>Locals employed: 238</p> <p><b>Total jobs created: 322</b></p>	Owing to the limitations in conducting labour survey, the figures provided may not be accurate e.g. insufficient staff complement in the LED Unit, credibility and reliability of the research methodology, instruments and statistical analysis methods.	Engage with Statistics South Africa and other key stakeholders to explore possible partnership in conducting labour survey in the Municipality

### PROJECT 6: LED FORUM

No	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance/Challenge	Mitigation
6		No of sessions held	3 LED Forums held in 2008/09	4 LED Forums	<p><b><u>Target achieved</u></b></p> <p><b>4</b> LED Forums held as follows:</p>	Inconsistence and lack of participation by sector departments	Efforts will be made to attract other sector departments to be active participants and members of the Local

					*30 September 2009 *9 December 2009 *16 March 2010 *29 June 2010		LED Forum.
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#### KPA 4: FINANCIAL VIABILITY

##### 1. REVENUE ENHANCEMENT

No	Project	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance/ Challenges	Comments/
1	Revenue enhancement	Increase revenue sources from three to five targets	Number of revenue sources increased	3 revenue sources - Rental of office space, vehicle registration and facility rental  -Billboards by law  -Valuation roll.	Additional two revenue sources raised (billboards and properties)	<b><u>Target not achieved</u></b>  Compilation of the valuation roll processes initiated- appointment of service provider	Lack of feasibility study on bill boards.	Valuation roll compilation to be finalized in 2010/11
		Review of the revenue enhancement strategy	%completion for review	Approved strategy in place.	100% completion for strategy review	<b><u>Target achieved</u></b>  C100/09 serves as evidence on this project.	None	None

##### 2. ASSET MANAGEMENT

No	Project	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance/ Challenges	Comments
2	Asset Management	Ensure compliance to asset and stores management legislative provisions	Percentage compliance to GAMAP/GRAP standards (Assets)	GAMAP/GRAP conversion done with special exemptions	100% compliance to GRAP 17 (assets)	<b><u>Target achieved</u></b>	None	None
			% compliance to stores standards (inventory)	Manual data  (spreadsheet for stock items)	100% compliance to inventory	<b><u>Target achieved</u></b>	None	None

					standards			
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**PROJECT 3: REVIEW OF FINANCE POLICIES**

No	Project	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance/ Challenges	Comments
3	Review of finance policies	To ensure alignment of policies to relevant legislations	Number of policies reviewed	Old finance policies in place	Three policies reviewed.  1. Tariff Policy  2. Asset management policy  3. Accounting policies	<b><u>Target achieved</u></b>  All 3 policies were reviewed and approved by May 2010	None	None

**PROJECT 4: MFMA IMPLEMENTATION**

No	Project	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance/ Challenges	Comments
4	MFMA Implementation	Ensure continued implementation of MFMA.	% compliance to the MFMA Implementation plan	90% compliance	100% compliance to the MFMA implementation plan	<b><u>Target 95% achieved</u></b>  9 reports submitted timeously	July August and September section 71 not submitted on time and also lacked some element such as debtors age analysis.	From October all the MFMA reports were submitted on time and compliant.

**PROJECT 5: SCM IMPLEMENTATION**

No	Project	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance	Comments
5	SCM Implementation	Ensure continued implementation of SCM regulations.	% compliance to SCM priorities	New indicator	*Database management  *Turn around time for procurement process  *Turn around time for BEE/SMME payments  *Service providers performance reports (quarterly)	<u>Target is partially achieved</u>	Significant delays in procurement processes  Service Providers performance reports were only produced for 3 <sup>rd</sup> and 4 <sup>th</sup> quarter	Development schedule for SCM Committee and ensure adherence       Ensure full compliance to SCM policy provisions/regulation

**PROJECT 6: INDIGENT REGISTER MANAGEMENT**

No	Project	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance/ Challenges	Comments
3	Indigent register management	To maintain the compilation and update of the indigent register	Percentage maintenance of the indigent register	Register limited to FBE beneficiaries and manually kept	100% maintenance of the register	<u>Target achieved</u>	None	None

## KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

### 1. WARD COMMITTEES SUPPORT

Project	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance / challenges	Comments
Ward committee support	Ensure efficient functioning of Ward committees	Number of reports submitted	Monthly reports submitted	Twelve monthly reports	<u>Target achieved</u>  12 monthly reports	None	None
	Monitor performance of Ward Committees	% reduction in repetitive issues raised in ward committee reports	New indicator	50% reduction of repetitive issues	<u>Target not achieved</u>	No monitoring tool to track detect issues raised (repetition)	Develop monitoring tool

### 2. SPECIAL PROGRAMMES

Project	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance / challenges	Comments
HIV/AIDS	Ensure HIV/AIDS mainstreaming	No. of HIV/AIDS initiatives	Plan in place	4 Initiatives  - Mining communities  -Youth  -People with	<u>Target achieved</u>  *W/shop for people with disabilities held on 16/09/2009.  *A w/shop for elderly people was held at Phaahlamanoge Village	None	None

				disabilities  -Elderly	on 11/02/2010.  *2 HIV/AIDS awareness in the form of a soccer tournament held on 18/09/2009  *W/shop with mining communities was held on 01/04/2010		
		% functionality of the LAC	Re-launched LAC	Re-launched LAC	<b><u>Target achieved</u></b>  Local Aids Council was reaffirmed on 28/09/2009	None	None
		No of HIV/AIDS programmes implemented by municipal officials	4 HIV/AIDS educational and awareness programmes	4 HIV/AIDS educational and awareness programmes	<b><u>Target achieved</u></b>  *Campaign held on 18/09/2009 at Bopedi Shopping Centre. *HIV/AIDS Awareness Campaign held at Pelangwe community hall on 29/10/2009  *Awareness campaign on rape victims and DS held on 25/11/2009  *Candlelight memorial was held on 09/06/2010 at Moses Mabothe Civic	None	None



					centre		
Mayor Stakeholders forum	Development of a plan to guide engagement with Stakeholders	% completion of the plan	-communication strategy in place	100% completion of the plan	<b><u>Target achieved</u></b>  Plan incorporated in the communication strategy	None	None
Youth	Development of Youth development framework	% completion of the framework	New indicator	Youth development framework in place	<b><u>Target achieved</u></b>  Draft Youth Development Framework in place and approved by Council for public participation (C107/09)	Delays in the submission of items to relevant portfolio committee	A monitoring tool will be put in place to track all items to be processed by Council and Council committees
Disabled People	Develop guideline for interaction with institutions for people with disabilities	% completion of the guideline	New indicator	Guideline in place	<b><u>Target not achieved</u></b>	Unavailability of reference material	Engage relevant Provincial Department for assistance
Children	Provide support to vulnerable Children	No. of initiatives unfolded	children advisory council in place	4 initiatives	<b><u>Target not achieved</u></b>  Only 3 initiatives:  *W/shop for CAC held  * Children & World Cup Awareness campaign held on 29/03/2010  * A childcare workshop	Time constrains	None

					was held on 29/04/2010		
Women	Facilitate establishment of women council	% completion of the establishment	New indicator	Establish council of women	<p><b><u>Target achieved</u></b></p> <p>The Municipal Women Council was launched on 10 /12/2009.</p> <p>A consultative w/shop on the function of the structure was held on 07/08/2009</p>	None	None
Elderly	Provide support to elderly programmes	No. of programmes supported	Elderly forum established	<p>-Story telling</p> <p>-Centenary celebrations</p>	<p><b><u>Target achieved</u></b></p> <p>*An elderly event was held on 18/07/2009</p> <p>*An elderly 's day celebration was held on 14/1/2009</p>	No story telling event was held	Align activities to national initiatives

### PROJECT 3: COUNCIL FUNCTIONS - EVENT MANAGEMENT

Project	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance / challenges	Comments
Council functions- Event Management	Coordinate and support council events	Number of key council events supported	4 ordinary council meetings	4 council meetings	<b><u>Target achieved</u></b> 4 Council meetings held	None	None
			5 special council meetings	4 special councils -Process plan <b>(August)</b>  -Annual report and Budget adjustment <b>(January)</b>  -Draft IDP/Budget and oversight report <b>(March)</b>  -IDP/Budget Adoption <b>(May)</b>	<b><u>Target achieved</u></b> 6 special Council meetings held	None	None
			10 public participation sessions	11 public participation sessions	<b><u>Target achieved</u></b> 16 public participation sessions held	None	None

**PROJECT 4: CORPORATE PERFORMANCE MANAGEMENT SYSTEM (PMS)**

No	Project	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance/ Challenges	Comments
4	Corporate PMS	Promote institutional accountability and compliance to the PMS framework	No. of in- year reports generated	4 reports	4 Quarterly reports <sup>4</sup>	<u>Target achieved</u>  4 reports in place	None	None
			% completion of the Annual Report in place within stipulated timeframe	2007/8 Annual Report	100% completion of the annual report  -Table draft : 31 January  -Oversight report : 31 March 2009	<u>Target achieved</u>  Draft report tabled on 17 <sup>th</sup> December 2009 and Oversight Report on 30 March 2010	None	None

**PROJECT 5: MARKETING AND PUBLICITY**

No	Project	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance / challenges	Comments
5	Marketing and publicity	Promote and publicize the municipality	No of communication	Communication strategy in place	-4 editions of quarterly	<u>Target achieved</u>  3 Newsletters	Significant delays in	Procure printing services on a 12

<sup>4</sup> 2<sup>nd</sup> Quarter reporting imply mid year report

			channels produced.		newsletter	published & distributed	publishing the news letters due to lack of standing printers	months contract
					-6 bi- monthly Letter from the Mayor	<b><u>Target not achieved</u></b> 4 bi monthly letters were issued	Delays in collating build up information for the letters	Target revised in line with the communication strategy provisions
					-4 Stakeholder engagement forums	<b><u>Target achieved</u></b> *Magoshi forum - 09/10/2009 *Mayoral Imbizo - 17/09/2009 *Magoshi IDP/budget engagement – 01/03/2010 *Business engagement concerning Proposed Fetakgomo Development trust -	None	None

						29/04/2010		
					-100% update (Website	<u><b>Target achieved</b></u>  The municipal website is continuously updated	None	None
		Develop Marketing plan	% completion of the plan	Communication strategy in place	100% completion	<u><b>Target not achieved</b></u>	Lack of capacity	Budget to be made available for the development of the marketing plan
		Implement Media Relations Activities	No. of media relations activities.	New Indicator	6 activities in Place	<u><b>Target not achieved</b></u>  *2 media relation on public participation for Mphanama node.  *Media statement on the municipal unqualified report aired by Thobela & Capricorn FM's	Reliance on the media to decide news worthiness of the items submitted	There is a need to increase media relation activities in future

		Facilitate two way communication	. No. of izimbizos held	New indicator	<b>6 Izimbizos</b>  -2 Mayoral Imbizo  -4 ward councilors Imbizo	<b><u>Target achieved</u></b>  *3 izimbizos held in three municipal nodal points for IDP/Budget 2010/11 and 4 ward isimbizos ( 1 per quarter per ward)	None	None
		Enhance community knowledge of the municipality	No of exhibitions and promotional events held	New indicator	4 exhibition/promotional events held	<b><u>Target not achieved</u></b>  Only 3 exhibition/promotional events held	Budgetary constrains	Budget to be made available for this strategic objective

**PROJECT 6: COUNCIL SUPPORT**

No	Project	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance / challenges	Comments	
6	Council Support	Provide requisite support to council operations	% support provided	New indicator	100% support to training and accommodation	<b><u>Target achieved</u></b>  22 Councilors trained and accommodated	None	Some councilors training may not be complete yet as the programme overlap to 2010/11	
			No of council	New indicator	4 council meetings	<b><u>Target achieved</u></b>	None	None	None

			meetings recorded			4 ordinary council meetings			
					-4 special council minutes	<b>Target exceeded</b> 6 Special Council minutes	None	None	None

**PROJECT 7: COUNCILORS' REMUNERATION**

No	Project	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance / challenges	Comments
7	Councilors' remuneration	Manage and monitor disbursements	% monitoring for disbursement	100%	100% Councilors Allowances	<b>Target achieved</b>	None	None

**PROJECT 8: BURSARY FUND**

No	Project	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance/challenges	Remarks
8	Bursary Fund	Provide requisite support to needy learners	No. of needy learners supported	Bursary policy in place	2 needy learners	<b>Target not achieved</b> 1 bursary awarded	Failure by prospective recipients to produce proof of admission	An acceptance letter from institution of higher learning should be made a pre-requisite for bursary application



**PROJECT 9: COORDINATIONS OF DISASTER MANAGEMENT**

No	Project	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance /challenge	Comments
9	Coordination Disaster Management	Ensure appropriate response to disaster occurrences	Number of reports submitted	20 occurrences attended to	4 consolidated reports on response to disaster occurrences	<u>Target achieved</u>	None	None
			% responses to cases reported for relief fund	New indicator	100%	<u>Target achieved</u>	No disaster incident reported	None
		Empowerment of the disaster management advisory forum	Number of capacity building session held	New indicator	2 sessions	<u>Target not achieved</u>	District competency	Include only items that are within FTM competency in plans

**PROJECT 10: COORDINATION OF SPORTS, ARTS AND CULTURE ACTIVITIES**

No	Project	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance / challenges	Comments
10	Coordination of Sports, Arts and Culture activities	Ensure active participation of communities in sports, arts and culture programmes	Number of events organized	Three events organized/hosted	Four events	Target not achieved  Music festival  Executive Mayor's cup  Indigenous games	Events were aligned to provincial and district events	Alignment of plans

						(12/06/2010)		
		Facilitate for sponsorship of events	Number of sponsors committed	None	One sponsorship	<b><u>Target not achieved</u></b>  1 attempt made without success	Unwillingness by business to sponsor sports, arts and culture activities	Enough budget must be made available for the function
		Promote awareness to 2010 word cup (2010 Legacy and Mass Participation)	Number of initiatives	New Indicator	1	<b><u>Target achieved</u></b>  1 activity held at Bopedi Centre on 20 April 2010	None	None

**PROJECT 11: OUTREACH SERVICES**

No	Project	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Varianec/cha llenge	Comments
11	Outreach services	Promote Batho Pele Principles	No of additional services accessed by communities at FATSC	7 service types	3 service types  - Proof of residence  -Correctional Services  -Post Office	<b><u>Target not achieved</u></b>  One municipal service extended to FATSC	The Post Office need more space than what is available  Correctional services is still considering the offer to	Consider inclusion of services witin 2km radius of the TSC

							lease	
		Improved level of Feedback to and from stakeholders	No. of feedback reports generated.	New Indicator	3 quarterly reports	<b><u>Target achieved</u></b> 3 Reports submitted	None	None
		Improve quality of stakeholders participation	No. of additional stakeholders involved	New Indicator	3 stakeholders -Education Department -Business Community -Women org groups	<b><u>Target achieved</u></b> All stakeholders participated in the IDP/budget processes of the Municipality	None	None

**PROJECT 12: INTERGOVERNMENTAL RELATIONS**

No	Project	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance/ Challenges	Comments
12	<b>Intergovernmental Relations</b>	Promote and support IGR activities/ operations	% support offered	New indicator	100% support for office space YAC  CDWs	Adequate for YAC and CDW	Lack of SLA with sector department responsible for CDWs is impinging on support	Engage DLGH on the need for a SLA on CDWs

**PROJECT 13: INTERNAL AUDIT**

No	Project	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance/ Challenges	Comments
13	Internal Audit	To ensure effective audit of municipal operations	Number of quarters for audit performance	Ongoing	Four audit reports in place	<b>Target exceeded</b>  -3 Intern on  -1 <sup>st</sup> 2 <sup>nd</sup> and 3 <sup>rd</sup> Quarter performance reports  - 1 AG follow up  -1 compliance	None	None

**PROJECT 14: EXTERNAL AUDIT**

No	Project	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance/ Challenges	Comments
14	External Audit	To ensure effective audit of municipal operations	% implementation of the 2008/9 audit recommendations	08/09 audit report	100% implementation of recommendations	100% implementation of 2008/9 Audit Recommendations	None	None

**PROJECT 15: AUDIT COMMITTEE**

No	Project	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance/ Challenges	Comments
15	Audit Committee	To ensure effective audit of municipal operations	Number of quarterly reports subjected to performance audit	New indicator	Four audit committee reports in place	4 reports	The 4 <sup>th</sup> Audit committee report was deferred by Council on the 30 <sup>th</sup> June 2010	The report to be subjected to Special Council Meeting

**PROJECT 16: RISK MANAGEMENT**

No	Project	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance/ Challenges	Comments
16	Risk Management	Ensure achievement of strategic and operational objectives of the municipality	Number of reports generated	New indicator	Four risk management reports in place	1 report generated	3 reports were never generated  Committee responsible was not functional /effective	Strengthen risk management committee

**PROJECT 17: FRAUD PREVENTION**

No	Project	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance/ Challenges	Comments
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17	Fraud Prevention	Ensure achievement of strategic and operational objectives of the municipality	% monitoring and reporting of fraud activities	New indicator	100% reporting	No progress	Fraud prevention issues were dealt with under risk management due to interchangeable usage of the concepts	Need for a dedicated committee for fraud prevention and development of fraud prevention plan
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#### CROSS CUTTING PROJECTS

#### PROJECT 1: COMPLIANCE TO RELATED LEGISLATIVE PROVISIONS

No	Project	Measurable Objective	Performance Measures	2008/2009 Baseline	2009/2010 Target	Progress	Variance / challenge	Comments
1	Compliance to related legislative provisions	Ensure that all municipal departments comply with the legislative framework that affect their operations	No of feedback reports received	New Indicator	4 quarterly reports -Treasury -DPLG/DLGH -Internal Audit -External Audit	<b>Target achieved</b>  4 reports submitted to Management	None	A reporting format must be developed and implemented

					-Labour (HR)			
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#### PROJECT 2: CUSTOMER CARE

No	Project	Measurable Objective	Performance Measure	2008/2009 Baseline	2009/2010 Target	Progress	Variance / challenges	Comments
2	Customer care	Improve service standards and feedback to stakeholders	% completion of the service standards	New indicator	100% completion of service standards	<u>Target achieved</u>		None
			No. of reports generated	New Indicator	2 reports -Mid year -Annual	<u>Target not achieved</u>	Dysfunctional Batho Pele committee	There is a need to revive the Batho Pele Committee so that it can monitor the implementation of Batho Pele principles and report to management quarterly.

## CHAPTER SIX

### CONCLUSION

As propounded in the Mayoral Foreword, this Report showed that the FTM is entering the world of world-class organizations. The fact that our financial position presented fairly in all material respects in the opinion of the Auditor-General i.e., having obtained a clean audit report for the year under review says volume. Matter of honestly, the critical challenge besetting us is to sustain this flying / top performance in all material respects.

In the biggest scheme of things, this Report endeavoured to detail account of the performance of the Municipality against the set targets. It dealt with issues of:

- human resources and organizational management (see chapter 3);
- audited financial statement and related matters (compare chapter 4); and
- functional area and service delivery reporting

The Report takes organizational development approach and where feasible mitigating factors were thought. One of the particular features of this approach was that it (the Report) sought to present performance highlights. When the content assessment of IDPs in Limpopo Province was done, the comments of the MEC for Local Government and Housing gave our IDP high credibility rating. As with the clean audit report above, it is incumbent upon the FTM to maintain this high IDP credibility rating.

In the current situation assessment, local evidence suggests that the FTM will be able to meet the electricity targets by 2012 (grid electrification). However, there is a lot that needs to be done as regards electricity post connections, other areas of service delivery such as water and sanitation provision where the targets (2010) cannot be achieved. More attention also needs to be given to roads, bridges, storm water drainage and general infrastructural development.

As a wrap up, it can be said that this Report attempted to provide a strategic summary of the FTM's contribution to implementation of the Municipal Turn Around Strategy as well as the contribution towards the realization of twelve outcomes adopted by the Cabinet, with special focus on outcome nine (09):

*“A responsive, accountable, effective and efficient local government system”.*

We strongly believe that the Report has been able to cover a wide range of issues necessary for annual reporting in any a structure audited financial statement and related matters.

We are committed to **Building a Caring Society and Advance in Unity Towards 2012 and Beyond.**



## **ANNEXURE A**

### **AUDITOR GENERAL'S REPORT ON THE 2009/2010 ANNUAL FINANCIAL STATEMENTS**

## **REPORT ON THE FINANCIAL STATEMENTS**

### **Introduction**

1. I have audited the accompanying financial statements of the Fetakgomo Local Municipality, which comprise the statement of financial position as at 30 June 2010, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages xx to xx

### **Accounting officer's responsibility for the financial statements**

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP) and in the manner required by the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor-General's responsibility**

3. As required by section 188 of the Constitution of South Africa, 1996 (Act No. 108 of 1996) and, section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and *General Notice 1570 of 2009* issued in *Government Gazette 32758 of 27 November 2009*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

7. *In my opinion, the financial statements present fairly, in all material respects, the financial position of the Fetakgomo Local Municipality for the year ended 30 June 2010 and its financial performance and its cash flows for the year then ended, in all material respects, in accordance with the South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP) and in the manner required by the MFMA.*

*Auditor-General.*

Polokwane

30 November 2010



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

ANNEXURE B

2009/2010 AUDITED FINANCIAL STATEMENTS

# **FETAKGOMO**

## **LOCAL MUNICIPALITY**



### **ANNUAL FINANCIAL STATEMENT**

**30-Jun-10**

## General Information

### Members of the Council

MC Marota (Mayor)  
RC Phaladi(Speaker)  
NS Mampuru(Chiefwhip)  
MJ Matsetse(Member of Executive Committee)  
KK Mamphekgo (Member of Executive Committee)  
MD Phala(Member of Executive Committee)  
PR Maisela(Member of Executive Committee)  
MS Masemola  
TN Phala  
MJ Nchabeleng  
RE Sefala  
RL Mphishane  
RM Sekgobela  
TI Sekgala  
MS Malungane  
MG Seroke  
MS Madutlela  
MH Mathipa  
NF Matlala  
MZ Matseba  
M Nchabeleng  
PL Nchabeleng  
MC Mabotha  
KA Selepe  
NT Lesufi

### Grading of local authority

2

### Municipal Manager

Lebepe M.E

### Chief Financial Officer (CFO)

Makgata MJ

### Registered office

Stand no 1 Mashung  
Ga-Nkoana  
Apel  
0739

### Business address

Stand no 1 Mashung  
Ga-Nkoana  
Apel  
0739

### Postal address

PO BOX 818  
Ga-Nkoana  
Apel  
0739

### Bankers

ABSA

### Auditors

Auditor General

**Name of relevant Auditor:**

Mukhathedzwa RS  
015 299 4435  
smukhthedzwa@agsa.co.za

**Name of relevant Provincial Treasury:**

Maluleke MT  
015 291 8400  
malulekemt@limtreasury.gov.za

**Name of contact at National Treasury:**

Thomas Matjeni  
Thomas Matjeni@treasury.gov.za  
012 315 5792

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## Approval of annual financial statement

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 28, in terms of ~~Section~~ 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 17 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Cooperative Governance and Traditional Affairs' determination in accordance with this Act."

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**Municipal Manager**

**Lebepe ME**

**31 August, 2010**

## Statement of Financial Position

		2010	2009
	Note(s)		
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	6	183,768	86,696
Trade and other receivables	7	175,880	95,254
VAT receivable	8	2,985,112	784,084
Cash and cash equivalents	9	10,858,750	10,423,260
		<b>14,203,510</b>	<b>11,389,294</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	5	41,688,037	31,161,035
<b>Total Assets</b>		<b>55,891,547</b>	<b>42,550,329</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Finance lease obligation	10	73,180	96,226
Trade and other payables	12	3,980,255	2,394,042
Unspent conditional grants and receipts	11	7,790,446	4,588,744
		<b>11,843,881</b>	<b>7,079,012</b>
<b>Non-Current Liabilities</b>			
Finance lease obligation	10	55,230	128,410
<b>Total Liabilities</b>		<b>11,899,111</b>	<b>7,207,422</b>
<b>Net Assets</b>		<b>43,992,436</b>	<b>35,342,907</b>
<b>Net Assets</b>			
Accumulated surplus		43,992,432	35,342,908

## Statement of Financial Performance

		2010	2009
	Note(s)		
<b>Revenue</b>			
Rental of facilities and equipment		143,339	207,904
Public contributions and donations		116,000	-
Licences and permits		141,387	85,077
Government grants and Subsidies Received-Operating	14	29,408,239	22,444,880
Government grant and subsidies-Capital		11,269,617	2,320,627
Other revenue		165,134	96,686
Investment Revenue -External investments	18	718,250	1,316,964
<b>Total Revenue</b>		<b>41,961,966</b>	<b>26,472,138</b>
<b>Expenditure</b>			
Employee Related Cost	16	(15,152,489)	(11,653,081)
Remuneration of councillors	17	(5,626,115)	(5,120,650)
Depreciation and amortisation	20	(1,673,271)	(1,688,297)
Finance costs	21	(28,173)	(41,907)
Repairs and maintenance		(259,520)	(289,356)
Grants and subsidies paid	23	(836,407)	(562,902)
General Expenses	15	(9,930,483)	(8,010,710)
<b>Total Expenditure</b>		<b>(33,506,458)</b>	<b>(27,366,903)</b>
Gain or Loss on disposal of property,plant and equipment		98,381	-
Fair value adjustments	19	79,737	-
<b>Surplus (deficit) for the year</b>		<b>8,633,626</b>	<b>(894,765)</b>

## Statement of Changes in Net Assets

	Accumulated surplus	Total net assets
<b>Balance at 30 June , 2009</b>	<b>36,237,673</b>	<b>36,237,673</b>
Surplus for the year	(894,765)	(894,765)
Total changes	35,342,907	35,342,907
<b>Balance at 01 July , 2009</b>	<b>35,342,907</b>	<b>35,342,907</b>
Adjustment against accumulated surplus	15,903	15,903
Surplus for the year	8,633,626	8,633,626
Total changes	43,992,436	43,992,436
<b>Balance at 30 June, 2010</b>	<b>43,992,436</b>	<b>43,992,436</b>

## Cash Flow Statement

		2010	2009
	Note(s)		
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services		284,726	292,981
Grants		40,677,856	24,765,507
Interest income		718,250	1,316,964
Other receipts		165,134	96,686
		41,845,966	26,472,138
<b>Payments</b>			
Employee and councillors related cost		(20,778,605)	(16,737,478)
Suppliers		(8,501,221)	(6,197,049)
Finance costs		(28,173)	(41,907)
		(29,307,999)	(22,976,434)
<b>Net cash flows from operating activities</b>	24	<b>12,537,967</b>	<b>3,495,704</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5	(12,104,634)	(4,217,980)
Proceeds from sale of property, plant and equipment	5	98,381	-
<b>Net cash flows from investing activities</b>		<b>(12,006,253)</b>	<b>(4,217,980)</b>
<b>Cash flows from financing activities</b>			
Finance lease payments		(96,226)	(82,491)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>435,488</b>	<b>(804,767)</b>
Cash and cash equivalents at the beginning of the year		10,423,262	11,228,027
<b>Cash and cash equivalents at the end of the year</b>	9	<b>10,858,750</b>	<b>10,423,260</b>

## Accounting Policies

### 1. Presentation of Annual Financial Statements

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated.

The details of any changes in accounting policies are explained in the relevant policy.

#### EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

ISSUED BUT NOT YET EFFECTIVE	STANDARD	APPLIED
GRAP 8 Interest in Joint Venture		Not Applicable
GRAP 18 Segment Reporting	Not Applicable	
GRAP 21 Impairment of non-cash-generating assets	IAS 36	
GRAP 23 Revenue from Non-Exchange Transactions	GAMAP 9	
GRAP 24 Presentation of Budget Information in Financials	Applied(Annexures)	
GRAP 25 Employee Benefits		IAS 19
GRAP 26 Impairment of cash generating assets	IAS 36	
GRAP 103 Heritage Assets		Not applicable

#### 1.1 Significant judgements and sources of estimation uncertainty

These annual financial statements have been prepared on a going concern basis.

In preparing the annual financial statements to conform with the standards of GRAP, management is required to make estimates, judgements and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future may differ from these estimates.

All significant estimates, judgements and underlying assumptions are reviewed on constant basis. All necessary revisions of significant estimates are recognised in the period during such revisions as well as in any future affected periods.

#### Trade receivables / Held to maturity investments and/or loans and receivables

The municipality assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

#### 1.2 Property, plant and equipment

An item of property, plant and equipment which qualifies for recognition as an asset shall initially be measured at cost.

The cost of an item of property, plant and equipment comprises of its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to working condition for its intended use.

## Accounting Policies

### 1.2 Property, plant and equipment (continued)

Where an item of property, plant and equipment was donated, is initially recognised at its fair value as at the date of acquisition.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met. If expenditure only restores the originally best estimate of the expected useful life of the asset, then it is regarded as repairs and maintenance and is expensed.

"Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use."

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

#### Residual value

The residual value of an asset is determined as the estimate amount that could currently be obtained from the disposal of the asset. The residual values of assets are reviewed at each financial year end.

#### Depreciation

Depreciation is calculated at historical cost, using the straight-line method over the useful lives of the asset. Assets will be depreciated according to their annual depreciation rates based on the following estimated asset lives.

Item	Average useful life
Land	Indefinite
Buildings	30
Property and Equipment	15
Furniture and fixtures	7
Motor vehicles	5
Office equipment	5
IT equipment	5
Infrastructure	
• Water reservoirs and reticulation	20
• Electricity reticulation	30
• Sewerage purification and reticulation	15-20
Community	
• Parks and gardens	30
• Sport Fields	30
• Community Halls	30
• Libraries	30
• Recreation Facilities	30
• Cemeteries	30
Bins and containers	
•	3
Specialised vehicles	
•	15

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the

## Accounting Policies

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### 1.2 Property, plant and equipment (continued)

item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

### 1.3 Financial instruments

#### Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as current assets.

#### Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

#### Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand cash at bank and short term investments. Bank overdrafts are recorded on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

### 1.4

#### Leases -

Leases that transfer substantially all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

Assets leased in terms of finance lease agreements are capitalised at amounts equal at the inception of the lease to the fair value of the leased property, or lower, at the present value of the minimum lease payments. Capitalised leased assets are depreciated in accordance with the accounting policy applicable to property, plant and equipment, refer to property, plant and equipment policy 1.5. The corresponding rental obligations, net of finance charges, are included in long-term borrowings. Lease finance charges are amortised to the statement of financial performance (unless they are directly attributable to qualifying assets) over the duration of the leases so as to achieve a constant rate of interest on their remaining balance of the liability.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease payments are recognised as an expense on a straight-line basis over the lease period.

Rental income derived from operating leases is recognised on a straight-line basis over the term of the lease in the statement of financial performance. Initial direct costs incurred in negotiating and arranging the operating lease are included in the carrying amount of the leased asset and recognised in the statement of financial performance on a straight-line basis over the lease term.

### 1.5 Inventories

The cost of inventories comprises of all costs of purchase, costs of development, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Consumable stores, raw materials, work in progress, and finished goods are valued at the lower of cost and net realisable value. In



## Accounting Policies

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### 1.5 Inventories (continued)

general, the basis of determining cost is the weighted average cost of commodities.

Redundant and slow-moving stock are identified and written down with regard to their estimated economic or realisable values and sold by public auction. Consumables are written down with regard to age, condition and utility.

### 1.6 Impairment of cash-generating assets

An impairment loss is recognised in the statement of financial performance when the carrying amount of an individual asset or of a cash-generating unit exceeds its recoverable amount. If the loss relates to the reversal of a previous revaluation surplus, it is recognised in equity. Impairment losses recognised on cash-generating units are allocated on a pro rata basis, to the assets in the cash-generating unit.

Impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount of the asset or cash-generating unit. Reversals of impairment losses on cash-generating units are allocated on a pro rata basis to the assets in the unit. Impairment losses are reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been recognised in the past. Reversals of impairment losses are recognised directly in the statement of financial performance.

### 1.7 Share capital / contributions from owners

An equity instrument is any contract that evidences a residual interest in the assets of an municipality after deducting all of its liabilities.

### 1.8 Employee benefits

#### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

#### Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the municipality's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

### 1.9 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation.

## Accounting Policies

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### 1.9 Provisions and contingencies (continued)

The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 25.

### 1.10 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

### 1.11 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

### Other grants and donations

Other grants and donations are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

### 1.12 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

Borrowing costs are recognised as an expense in the period in which they are incurred.

## Accounting Policies

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### 1.13 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

### 1.14 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.15 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Act (Act 56 of 2003), the Municipal Systems Act (Act 32 of 2000), the Public Office Bearers Act (Act 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.16 Unauthorise Expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act 56 of 2003).

Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.17 Presentation of currency

These annual financial statements are presented in South African Rand.

### 1.18 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP

## Notes to the Annual Financial Statements

2010

2009

### 2. Commitments

#### Authorised capital expenditure

##### Commitment in respect of capital expenditure.

• Community Assets	-	343,944
• Infrastructure	-	962,369
	-	<b>1,306,313</b>

##### Commitment in respect of other expenditure.

• Disaster Recovery Plan(SITA)	241,584	-
• Installation of LAN(SITA)	194,098	-
	<b>435,682</b>	-

The above commitment will be finance from conditional grants and equitable share and for unspent conditional grant approval is awaited for roll over

### 3. Irregular expenditure

Add: Irregular Expenditure - current year	18,000	36,000
Less: Amounts recoverable(Not condoned)	(18,000)	(36,000)
	-	-

#### Details of irregular expenditure – current year

Expenditure incurred on payment of out of pocket expenses for Magoshi who sit in council meetings. The expenditure was incurred prior to council approval of the framework.

### 4. Additional disclosure in terms of Municipal Finance Management Act

#### Contributions to SALGA

Council membership fee payable	200,000	51,781
Amount paid - current year	(200,000)	(51,781)
	-	-

#### Medical Aid

Current payroll deduction	525,288	410,751
Amount paid - current year	(525,288)	(410,751)
	-	-

#### Audit fees

Current year audit fee	977,844	716,384
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Annual Financial Statements for the year ended 30 June, 2010

Amount paid - current year	(735,248)	(716,384)
	<b>242,596</b>	-

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Balance unpaid included in the creditors

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**PAYE , SDL and UIF**

## Notes to the Annual Financial Statements

	2010	2009
<b>4. Additional disclosure in terms of Municipal Finance Management Act (continued)</b>		
Current payroll deduction	2,984,631	1,970,275
Amount paid - current year	(2,916,464)	(1,970,275)
	<b>68,167</b>	<b>-</b>

### Pension Fund

Current payroll deduction	1,839,414	1,127,573
Amount paid - current year	(1,839,414)	(1,127,573)
	<b>-</b>	<b>-</b>

Unpaid amount included in the creditors

### 5. Property, plant and equipment

	2010			2009		
	Cost	Accumulated depreciation	Book Value	Cost	Accumulated depreciation	Book Value
Capital work in progress	7,240,281	-	7,240,281	-	-	-
Property, plant and equipment	40,224,420	(5,776,664)	34,447,756	35,536,332	(4,375,297)	31,161,035
<b>Total</b>	<b>47,464,701</b>	<b>(5,776,664)</b>	<b>41,688,037</b>	<b>35,536,332</b>	<b>(4,375,297)</b>	<b>31,161,035</b>

### Transitional provisions

#### GRAP 17

The Municipality has taken advantage of the Property, Plant and Equipment transitional provisions in terms of paragraphs .75 and .78 of Directive 4 of February 2008. The three year transitional period lapses on 30 June 2011. The municipality has appointed a service provider to unbundle the assets and this exercise will be completed in the 2010/11 financial year. For details on property, plant and equipment please refer to Appendix A

### 6. Inventories

Consumable stores	59,267	20,198
Printing & stationery	124,501	66,498
	<b>183,768</b>	<b>86,696</b>

Inventory is stated at lower of cost or net realisable value

### 7. Trade and other receivables

MPCC -Rental Debtors	61,453	61,318
Roads and Transport-Enatis	40,404	25,494
Operating Lease Assets	5,712	8,442
Other Debtors	68,311	-
	<b>175,880</b>	<b>95,254</b>

## Notes to the Annual Financial Statements

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2010

2009

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### 4. Additional disclosure in terms of Municipal Finance Management Act (continued)

#### 8. VAT receivable

VAT	2,985,112	784,084
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VAT disclosed separately due to its material and VAT receivable is stated at VAT output less VAT input for the period.

## Notes to the Annual Financial Statements

	2010	2009
<b>11. Unspent conditional grants and receipts (continued)</b>		
VAT is accounted on a cash basis.		
<b>9. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	674	212
Bank balances	124,242	5,336,178
Short-term investments	10,733,834	5,086,870
	<b>10,858,750</b>	<b>10,423,260</b>

### The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June, 2010	30 June, 2009	30 June, 2008	30 June, 2010	30 June, 2009	30 June, 2008
Absa Bank current account : Apel Account number: 4055088198	1,000	1,000	1,000	1,000	1,000	1,000
Absa Bank call account : Apel Account number: 4055788875	204,813	6,077,568	8,414,214	123,242	5,316,716	6,604,534
<b>Total</b>	<b>205,813</b>	<b>6,078,568</b>	<b>8,415,214</b>	<b>124,242</b>	<b>5,317,716</b>	<b>6,605,534</b>

Included in the short term investments are funds invested in the following retail bank ,ABSA and FNB

### 10. Finance lease obligation

<b>Minimum lease payments due</b>		
- within one year	73,180	124,399
- in second to fifth year inclusive	55,230	146,795
<b>Present value of minimum lease payments</b>	<b>128,410</b>	<b>271,194</b>
<b>Present value of minimum lease payments due</b>		
- within one year	28,173	28,173
- in second to fifth year inclusive	17,375	18,385
	<b>45,548</b>	<b>46,558</b>
<b>Non-current liabilities</b>	55,230	128,410
<b>Current liabilities</b>	73,180	96,226
	<b>128,410</b>	<b>224,636</b>

The Nashua liability is secured by office equipment under a deemed finance lease with a carrying value of R 110,34.62. The effective interest rate is 15.5% and is repayable in 60 equal instalments of R5 800 of which the first was paid in July 2007. The last instalment is payable during June 2012.

The Palesa liability is secured by office equipment under a deemed finance lease with a carrying value of R94,167.41. The effective interest rate is 15.5% and is repayable in 36 equal instalments of R5 368.56 of which the first was paid in July 2007. The last instalment is payable during November 2010.

### 11. Unspent conditional grants and receipts



## Notes to the Annual Financial Statements

	2010	2009
<b>11. Unspent conditional grants and receipts (continued)</b>		
All the Unspent conditional grant were disclosed per the requirement of GRAP.		
<b>Unspent conditional grants and receipts comprises of:</b>		
<b>Unspent conditional grants and receipts</b>		
Municipal Infrastructure Grant	7,524,418	4,233,938
Municipal System Improvement Grant	219,233	199,625
LG Seta Grant	16,474	50,419
Sekhukhune Grant	30,321	44,875
Eskom Grant	-	40,098
Municipal Finance Management Grant	-	19,789
	<b>7,790,446</b>	<b>4,588,744</b>
<b>12. Trade and other payables</b>		
Trade payables	493,350	128,788
Retentions	2,285,679	1,229,530
Other Payables	500	1,500
Staff Leave	1,200,726	1,034,225
	<b>3,980,255</b>	<b>2,394,042</b>
<b>13. Revenue</b>		
Rental of Facilities and Equipment	143,339	207,904
Public contributions and donations	116,000	-
Licences and permits	141,387	85,077
Government grants and Subsidies -Operating	29,408,239	22,444,880
Government grants and Subsidies-Capital	11,269,617	2,320,627
Other revenue	165,134	96,686
	<b>41,243,716</b>	<b>25,155,174</b>
<b>The amount included in revenue arising from exchanges of goods or services are as follows:</b>		
Rental of facilities and equipment	143,339	207,904
Licences and permits	141,387	85,077
Other revenue	165,134	96,686
	<b>449,860</b>	<b>389,667</b>
<b>The amount included in revenue arising from non-exchange transactions is as follows:</b>		
Public contributions and donations	116,000	-
Government grants and subsidies-operating	29,408,239	22,444,880
Government and subsidies-capital	11,269,617	2,320,627
	<b>40,793,856</b>	<b>24,765,507</b>

## Notes to the Annual Financial Statements

	2010	2009
<b>14. Government grants and subsidies-Operating (continued)</b>		
<b>14. Government grants and subsidies-Operating</b>		
Equitable share	27,153,750	20,291,061
Finance Management Grant	1,019,789	480,211
Municipal Systems Improvement Grant	715,391	848,113
Valuation Grant	-	491,350
Sekhukhune Ward Committee Grant	424,054	281,625
LG Seta Grant	95,255	52,520
	<b>29,408,239</b>	<b>22,444,880</b>

### Equitable Share

This grant is an unconditional grant and is utilised for operating costs as well as subsidising the provision of basic services to indigent community members .

### Municipal Infrastructure Grant

Balance unspent at beginning of year	4,233,938	1,740,565
Current-year receipts	14,520,000	4,814,000
Conditions met - transferred to revenue	(11,229,520)	(2,320,627)
	<b>7,524,418</b>	<b>4,233,938</b>

This grant was used to construct projects approved by GOCTA. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld. funds have been withheld. (see note 11)

### Municipal Systems Improvement Grant

Balance unspent at beginning of year	199,625	312,738
Current-year receipts	735,000	735,000
Conditions met - transferred to revenue	(715,392)	(848,113)
	<b>219,233</b>	<b>199,625</b>

This grant was used to build in-house capacity to perform their functions and stabilize institutional and governance systems. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld. (see note 11)

### LG Seta Grant

Balance unspent at beginning of year	50,419	-
Current-year receipts	61,310	102,939
Conditions met - transferred to revenue	(95,255)	(52,520)
	<b>16,474</b>	<b>50,419</b>

The grant was utilised for learnerships. (see note 11)

### Sekhukhune Ward Committee Grant

Balance unspent at beginning of year	44,875	34,000
Current-year receipts	409,500	292,500
Conditions met - transferred to revenue	(424,054)	(281,625)

## Notes to the Annual Financial Statements

	2010	2009
<b>14. Government grants and subsidies-Operating (continued)</b>	<b>30,321</b>	<b>44,875</b>
This grant was used to pay stipends for ward committee members. (see note 11)		
<b>Eskom Grant</b>		
Balance unspent at beginning of year	40,098	-
Current-year receipts	-	40,098
Conditions met - transferred to revenue	(40,098)	-
	<b>-</b>	<b>40,098</b>
This grant was used to erect the Atock Thusang Service Centre (MPCC). (see note 11)		
<b>Municipal Finance Managemet Grant</b>		
Balance unspent at beginning of year	19,789	-
Current-year receipts	1,000,000	500,000
Conditions met - transferred to revenue	(1,019,789)	(480,211)
	<b>-</b>	<b>19,789</b>
This grant was used to promote and support reforms to municipal financial management and the implementation of the MFMA, 2003. (see note 11)		
<b>15. General expenses</b>		
Advertising	216,087	363,294
Auditors remuneration	977,844	716,384
Bank charges	38,228	32,479
Cleaning	276,987	11,613
Computer expenses	338,605	315,252
Consulting and professional fees	648,975	389,160
Donations	82,548	-
Insurance	138,106	128,358
IT expenses	143,189	35,025
Rental of office equipment	112,091	94,091
Magazines, books and periodicals	100	2,868
Fuel and oil	112,669	92,508
Postage and courier	1,936	3,277
Printing and stationery	250,305	460,229
Publicity	164,099	207,916
Security (Guarding of municipal property)	910,038	735,638
Subscriptions and membership fees	235,140	64,412
Telephone and fax	529,995	623,510
Training	313,460	290,989
Travel - local	716,126	658,621
Electricity	158,830	122,697
Bursary Fund	22,180	25,673
Council Functions	447,270	306,999
FMG Expenditure	521,243	145,255
Other Expenditure	2,574,432	2,184,462
	<b>9,930,483</b>	<b>8,010,710</b>

## Notes to the Annual Financial Statements

	2010	2009
<b>16. Employee related costs</b>		
Basic	9,205,218	6,056,695
Bonus	386,423	404,342
Medical aid - entity contributions	296,356	176,009
UIF	66,742	58,063
WCA	-	65,684
SDL	133,535	56,616
Post-employment benefits - Pension - Defined contribution plan	961,557	715,185
Travel, motor car, accommodation, subsistence and other allowances	437,624	391,048
Overtime payments	10,533	12,492
Acting allowances	36,018	44,300
Transport allowance	1,110,720	1,184,232
Housing benefits and allowances	755	13,298
Group life insurance	50,210	93,902
Contribution to special leave	245,464	701,031
	<b>12,941,155</b>	<b>9,972,897</b>

### Remuneration of municipal manager

Annual Remuneration	199,003	333,292
Car Allowance	46,283	92,550
Performance Bonuses	46,500	71,147
Contributions to UIF, Medical and Pension Funds	207,160	2,564
Cellphone Allowance	4,800	-
	<b>503,746</b>	<b>499,553</b>

Municipal Manager was appointed in May 2010

### Remuneration of chief finance officer

Annual Remuneration	205,717	174,635
Car Allowance	121,659	71,148
Performance Bonuses	-	71,148
Contributions to UIF, Medical and Pension Funds	150,252	2,201
Cellphone Allowance	7,000	-
	<b>484,628</b>	<b>319,132</b>

CFO was appointed in September 2009

### Corporate and human resources (corporate services)

Annual Remuneration	304,177	270,535
Car Allowance	85,187	89,887
Performance Bonuses	50,610	52,790
Contributions to UIF, Medical and Pension Funds	223,139	5,023
Cellphone Allowance	8,400	-
	<b>671,513</b>	<b>418,235</b>

## Notes to the Annual Financial Statements

	2010	2009
<b>Development Planning</b>		
Annual Remuneration	216,788	263,375
Car Allowance	85,888	96,752
Performance Bonuses	42,397	82,640
Contributions to UIF, Medical and Pension Funds	199,374	497
Cellphone Allowance	7,000	-

## Notes to the Annual Financial Statements

	2010	2009
<b>16. Employee related costs (continued)</b>		
	<b>551,447</b>	<b>443,264</b>
Strategic Manager Development Planning resigned in April 2010		
<b>17. Remuneration of councillors</b>		
Mayor	597,322	521,904
Speaker	468,747	425,415
Chiefwhip	400,148	-
Executive Committee	900,323	870,241
Councillors	3,259,575	3,303,090
	<b>5,626,115</b>	<b>5,120,650</b>
<b>In-kind benefits</b>		
The Mayor, Speaker and Chiefwhip are full-time. Each is provided with an office and secretarial support at the cost of the Council.		
The Mayor has a use of a Council owned vehicles and driver for official duties.		
<b>18. Investment revenue</b>		
<b>Interest revenue</b>		
Call Account	320,245	852,111
Investment Income	398,005	464,853
	<b>718,250</b>	<b>1,316,964</b>
<b>19. Fair value adjustments</b>		
Movable Assets gained	79,737	-
<b>20. Depreciation and amortisation</b>		
Property, plant and equipment	1,673,271	1,688,297
<b>21. Finance costs</b>		
Finance Lease	28,173	41,907
<b>22. Auditors' remuneration</b>		
Fees	977,844	716,384
<b>23. Grants and subsidies paid</b>		
<b>Electricity acquired from equitable share for free basic services</b>		
Grant paid to Eskom	836,407	562,902
<b>24. Cash generated from operations</b>		
Surplus (deficit)	8,633,626	(894,765)
<b>Adjustments for:</b>		
Depreciation and amortisation	1,673,271	1,688,297
Gain on sale of assets.	(98,381)	-

## Notes to the Annual Financial Statements

	2010	2009
<b>16. Employee related costs (continued)</b>		
Fair value adjustments	(79,737)	-
<b>Changes in working capital:</b>		

Inventories	(97,072)	99,751
Trade and other receivables	(80,626)	(53,705)
Trade and other payables	1,586,212	776,379
VAT	(2,201,028)	(531,177)
Unspent conditional grants and receipts	3,201,702	2,410,924
	<b>12,537,967</b>	<b>3,495,704</b>

## 25. Contingencies

### Contingent liabilities

.A dispute by E.Baleni has been raised against the municipality to the value of R2,591,350, with regard to property valuation against the municipality. The case is currently in court.

### Contingent assets

Municipality has performed VAT review for the period covered 01 October 2006 to 30 June 2010 therefore for the period 01 October 2006 to 30 June 2009 has been considered to be contingent assets since it is based on the decision of SARS to refund the amount due to the municipality. The overall possible refund amount to R 3,169,802.9.

## 26. Comparative figures

Certain comparative figures have been reclassified.

## 27. Risk management

### Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

## 28. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

## 29. Events after the reporting date

Recognised amounts in the financial statements are adjusted to reflect events arising after the balance sheet date that provide evidence of conditions that existed at the balance sheet date. Events after the balance sheet date that are indicative of conditions that arose after the balance sheet date are dealt with by way of a note to the financial statements:

## 30. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure	6,514	-
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The expenditure has been condoned by Council in resolution 136/10

Appendix B: Analysis of property, plant and equipment



**APPENDIX A**

**ANALYSIS OF PROPERTY, PLANT & EQUIPMENT AS AT 30 JUNE 2010**

	<b>HISTORICAL COST</b>					<b>ACCUMULATED DEPRECIATION</b>				<b>Carrying Value</b>
	<b>Opening Balance</b>	<b>Additions/ Transfers</b>	<b>Under Construction</b>	<b>Disposals</b>	<b>Closing Balance</b>	<b>Opening Balance</b>	<b>Additions/ Transfers</b>	<b>Disposals</b>	<b>Closing Balance</b>	
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>LAND</b>	-	116,000	-	-	116,000	-	-	-	-	116,000
<b>BUILDINGS</b>	10 379 536	62 760	1 751 283		12 193 579	927 626	375 514		1 303 139	10 890 440
<b>INFRASTRUCTURE</b>	1 148 262	2 600 646	3 882 763	-	7 631 671	23 716	7 902	-	31 618	7 600 053
Roads, pavements, bridges & stormwater	19 036	-	1 848 965	-	1 868 001	5 716	951	-	6 667	1 861 334
Water reservoirs & reticulation	18 000	29 700	-	-	47 700	18 000	134	-	18 134	29 566
Landfill site structure	-	2 294 541	-	-	2 294 541		2 932	-	2 932	2 291 609
Electricity reticulation	1 111 226	-	2 033 798	-	3 145 024	-	-	-	-	3 145 024
Security measures (including fencing)	-	276 405	-	-	276 405	-	3 885	-	3 885	272 520
<b>COMMUNITY ASSETS</b>	18 725 175	967 862	1 606 235	-	21 299 272	111 473 24	630 339	-	1 777 663	19 521 610
Community halls	18 564 668	940 932	1 066 887	-	20 572 487	1 144 688	623 300	-	1 767 988	18 804 500
Land					-	-	-	-	-	-
Libraries					-	-	-	-	-	-
Recreational facilities	-	-	539 348	-	539 348	-	-	-	-	539 348
Clinics	-	-	-	-	-	-	-	-	-	-
Museums & art galleries	-	-	-	-	-	-	-	-	-	-
Other (fire services & cemeteries)	160 507	26 930	-	-	187 437	2 636	7 039	-	9 675	177 762

<b>OTHER ASSETS</b>	<b>4 920 031</b>	<b>1 242 964</b>	<b>-</b>	<b>( 302 143)</b>	<b>5 860 852</b>	<b>2 166 852</b>	<b>610 479</b>	<b>( 271 903)</b>	<b>2 505 428</b>	<b>3 355 424</b>
<i>Other motor vehicles</i>	1 126 226	800 565	-	( 206 159)	1 720 632	787 366	16 411	( 177 742)	626 035	1 094 597
<i>Plant &amp; Office equipment</i>	1 015 341	260 084	-	( 60 693)	1 214 732	586 003	166 779	( 59 589)	693 193	521 539
<i>Furniture &amp; fittings</i>	2 729 284	182 315	-	( 35 291)	2 876 308	788 093	424 013	( 34 572)	1 177 535	1 698 773
<i>Bins and containers</i>	49 180	-	-	-	49 180	5 390	3 276	-	8 666	40 514
<b>FINANCE LEASE</b>	<b>363 330</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>363 330</b>	<b>109 780</b>	<b>49 037</b>	<b>-</b>	<b>158 817</b>	<b>204 513</b>
<i>Office Equipment</i>	363 330	-	-	-	363 330	109 780	49 037	-	158 817	204 513
<b>TOTAL</b>	<b>35 536 334</b>	<b>4 990 232</b>	<b>7 240 280</b>	<b>(302143)</b>	<b>47 464 704</b>	<b>4 375 297</b>	<b>1 673 271</b>	<b>( 271 903)</b>	<b>5 776 664</b>	<b>41 688 040</b>

**APPENDIX B**

**SEGMENTAL ANALYSIS OF PROPERTY, PLANT & EQUIPMENT AS AT 30 JUNE 2010**

	<b>HISTORICAL COST</b>					<b>ACCUMULATED DEPRECIATION</b>				
	<b>Opening Balance</b>	<b>Additions/ Transfers</b>	<b>Under Construction</b>	<b>Disposals</b>	<b>Closing Balance</b>	<b>Opening Balance</b>	<b>Additions/ Transfers</b>	<b>Disposals</b>	<b>Closing Balance</b>	<b>Carrying Value</b>
	<b>R</b>	<b>R</b>		<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>EXECUTIVE COUNCIL</b>	<b>4 673 723</b>	<b>1 004 997</b>	-	<b>( 302 143)</b>	<b>5 376 577</b>	<b>1 968 196</b>	<b>547 574</b>	<b>( 271 903)</b>	<b>2 243 866</b>	<b>3 132 711</b>
Corporate Service	4 334 886	994 661	-	( 252 941)	5 076 606	1 785 168	507 973	( 223 687)	2 069 454	3 007 151
Municipal Manager Office	338 837	10 336	-	( 49 202)	299 972	183 028	39 601	( 48 217)	174 412	125 559
<b>FINANCE &amp; ADMINISTRATION</b>	<b>302 469</b>	<b>88 239</b>	-	-	<b>390 708</b>	<b>166 911</b>	<b>54 350</b>	-	<b>221 261</b>	<b>169 448</b>
Finance	302 469	88 239			390 708	166 911	54 350	-	221 261	169 448
<b>PLANNING &amp; DEVELOPMENT</b>	<b>30 560 141</b>	<b>3 896 995</b>	<b>7 240 281</b>	-	<b>41 697 418</b>	<b>2 240 191</b>	<b>1 071 347</b>	-	<b>3 311 537</b>	<b>38 385 880</b>
Planning & development	30 560 141	3 896 995	7240281	-	41 697 418	2 240 191	1 071 347		3 311 537	38 385 880
<b>TOTAL</b>	<b>35 536 334</b>	<b>4 990 232</b>	<b>7 240 281</b>	<b>( 302 143)</b>	<b>47 464 704</b>	<b>4 375 297</b>	<b>1 673 271</b>	<b>( 271 903)</b>	<b>5 776 665</b>	<b>41 688 039</b>

**APPENDIX C**

**DETAILED SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010**

<b>2009 Actual Income</b>	<b>2009 Actual Expenditure</b>	<b>2009 Actual Surplus/ (Deficit)</b>		<b>2010 Actual Income</b>	<b>2010 Actual Expenditure</b>	<b>2010 Actual Surplus/ (Deficit)</b>
<b>R</b>	<b>R</b>	<b>R</b>		<b>R</b>	<b>R</b>	<b>R</b>
<b>26 610 041</b>	<b>18 744 288</b>	<b>7 865 753</b>	<b>EXECUTIVE COUNCIL</b>	<b>42 140 114</b>	<b>22 534 561</b>	<b>19 605 553</b>
26 472 139	16 539 959	9 932 180	Corporate Service	42 140 114	20 296 540	21 843 574
-	2 204 329	(2 204 329)	Municipal Manager Office	-	2 238 021	(2 238 021)
-	<b>4 328 215</b>	<b>(4 328 215)</b>	<b>FINANCE &amp; ADMINISTRATION</b>	-	<b>5 563 428</b>	<b>(5 563 428)</b>
-	4 328 215	(4 328 215)	Finance	-	5 563 428	(5 563 428)
	<b>4 294 401</b>	<b>(4 294 401)</b>	<b>PLANNING &amp; DEVELOPMENT</b>		<b>5 408 469</b>	<b>(5 408 469)</b>
-	4 294 401	(4 294 401)	Planning & development	-	5 408 469	(5 408 469)
<b>26 472 139</b>	<b>27 366 904</b>	<b>( 894 765)</b>	<b>Total</b>	<b>42 140 114</b>	<b>33 506 458</b>	<b>8 633 656</b>

## ACTUAL OPERATING VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2010

Description	2010 Actual	2010 Budget	2010 Variance	2010 Variance	Explanations of significant variances greater than 10% versus budget
	R	R	R	%	
<b>REVENUE</b>					
Rental of facilities and equipment	143 339	174 500	( 31 161)	(17.86)	Over budgeting
Public contributions and donations	116 000	0	116 000	100.00	Due to recognition of asset donated as revenue
Investment Revenue – external investments	718 250	700 000	18 250	2.61	
Licenses and permits	141 387	140 000	1 387	0.99	
Government grants and subsidies received - operating	29 408 239	29 608 289	( 200 050)	(0.68)	
Government grants and subsidies received - capital	11 269 617	15 366 727	(4 097 110)	(26.66)	Under spending of capital budget
Other revenue	165 134	315 397	( 150 263)	(47.64)	Under collection
<b>Total Revenue</b>	<b>41 961 966</b>	<b>46 304 913</b>	<b>(4 342 947)</b>	<b>(9.38)</b>	
	<b>2010 Actual</b>	<b>2010 Budget</b>	<b>2010 Variance</b>	<b>2010 Variance</b>	<b>Explanations of significant variances greater than 10% versus budget</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>%</b>	
<b>EXPENDITURE</b>					
Employee related costs	15 152 489	15 096 699	55 790	0.37	
Remuneration of councillors	5 626 115	5 778 357	( 152 242)	(2.63)	
Depreciation	1 673 271	1 500 000	173 271	11.55	Under estimation
Repairs and maintenance	259 520	297 489	( 37 969)	(12.76)	Under spending
General expenses	9 930 483	11 782 980	(1 852 497)	(15.72)	U under spending
Grants and subsidies paid	836 407	847 600	( 11 193)	(1.32)	
Finance cost	28 173	0	28 173	100.00	Recognition of finance leases at year end
<b>Total Expenditure</b>	<b>33 506 458</b>	<b>35 303 125</b>	<b>(1 796 667)</b>	<b>(5.09)</b>	
Gain on disposal of property, plant & equipment	98 381		98 381	100.00	Asset disposed
Fair value adjustments	79 737		79 737	100.00	Revenue adjustment due to asset gained
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>8 633 626</b>	<b>11 001 788</b>	<b>(2 546 280)</b>	<b>(23.14)</b>	

**APPENDIX D(2)**  
**ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2010**

<i>Description</i>	<u>2010</u>	<u>2010</u>	<u>2010</u>	<u>2010</u>	<u>2010</u>	<u>2010</u>	<u>2010</u>	<u>Explanation of significant variances greater than 5% versus Budget</u>
	<u>Actual</u>	<u>Under Construction</u>	<u>Revaluation</u>	<u>Total Additions</u>	<u>Budget</u>	<u>Variance</u>	<u>Variance</u>	
	<i>R</i>	<i>R</i>	<i>R</i>	<i>R</i>	<i>R</i>	<i>R</i>	<i>%</i>	
<i>Land</i>	116 000	-	-	116,000.00	-	( 116 000)	100.00	<i>Land donated to municipality</i>
<i>Buildings</i>	62 760	1 751 283	-	1 814 043	2 824 600	1 010 557	35.78	<i>Savings on projects</i>
<i>Infrastructure</i>	2 600 646	3,882,763.00	-	6 483 409	7 322 330	838 921	11.46	<i>Asset under construction</i>
<i>Community Assets</i>	967 862	1 606 235	-	2 574 097	5 016 968	2 442 871	48.69	<i>Asset under construction</i>
<i>Other Assets</i>	1 242 964	-	-	1 242 964	520 000	( 722 964)	-139.03	<i>Under spending on movable assets</i>
<b>TOTAL</b>	<b>4 990 232</b>	<b>7 240 281</b>	<b>-</b>	<b>12 230 513</b>	<b>15 683 898</b>	<b>3 453 385</b>	<b>22.00</b>	